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NEWS SUMMARY

GENERAL

13 die as ship sinks in Channel

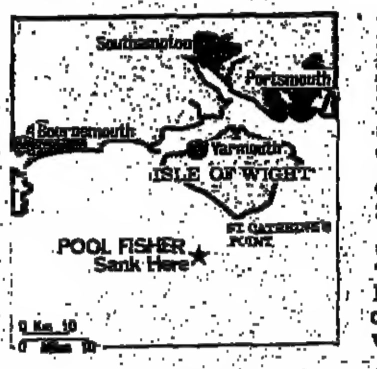
Thirteen people, including a woman, were feared dead after a coaster capsized suddenly and sank within five minutes in the English Channel. After an intensive air and sea search hampered by high winds, only two men were picked up alive.

The 1,028-ton Pool Fisher sank off the Isle of Wight after sending a last message to coastguards: "We are going over. Position south-west of St. Catharine's Point."

In the past, the Pool Fisher had been chartered by British Nuclear Fuels to carry irradiated spent nuclear fuel, but on its journey from Hamburg to Runcorn, Cheshire, it was carrying potash.

The Trade Department had immediately launched a preliminary inquiry, MPs were told in the Commons.

Parliament, Page 16



Budget hopes

Government is reasonably confident that it can get a reduction of about £650m in Britain's next contribution to the EEC Budget at the Dublin summit later this month. Back Page; Confrontation looms, Page 2

O'Rourke warrant

Dublin's Special Criminal Court issued a warrant for the arrest of IRA member Michael O'Rourke, who escaped from court three years ago, and is in custody in New Jersey awaiting deportation.

Murder hunt

Huge police hunt was under way for the killers of two mothers found shot in the head in a 16th century country house near Congleton, Cheshire. It was thought they may have disturbed thieves.

SAS order

Coroner for Brecknock and Radnor ordered the Special Air Service to review safety measures after the deaths of two soldiers in six months on assessment courses in the Welsh mountains.

Ohira re-elected

Japanese Parliament re-elected Masayoshi Ohira as Premier after a clash of factions produced deep rifts in the ruling Liberal Democratic Party. He narrowly defeated former Premier Takeo Fukuda in a ballot. Back Page

War crimes trial

Former Nazi police chief Herbert Martin Hagen, on trial for war crimes against Jews, told a Cologne court that he thought Hitler's "final solution" meant the establishment of a Jewish state.

Briefly . . .

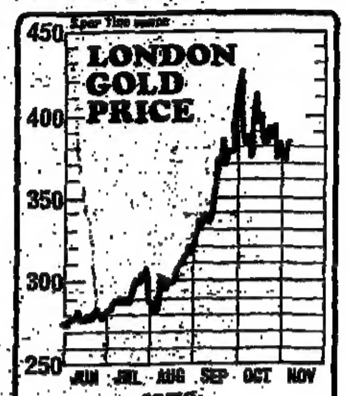
Spanish Iberia Airlines DC-10 carrying 158 people landed safely at Caracas after an engine exploded during take-off.

Five U.S. airmen died when their car burst into flames after colliding with a lorry at Tingewick, Bucks.

BUSINESS

Sterling firm; Gold up $3

● STERLING was firm in quiet trading, and rose 45 points to $2.0735. Its trade-weighted index was 66.6 (66.1), and the dollar's index was 86.9 (86.7).



● GOLD rose further on Iran's threat to world oil supplies, and closed $2 up in London at $384.

● GILTS fell sharply on the bad mid-October banking statistics, and the Government Securities index lost 0.73 to close at 67.44. EQUITIES rally was also halted, and the FT 30-share index closed 2.5 off at 418.5.

● WALL STREET was down 3.84 at 808.79 near the close.

● FIRST TRANCHE of the "Carter bonds," which was limited to DM 2bn, was heavily oversubscribed in West Germany with applications totalling 3.9bn.

● BANK of England Governor Gordon Richardson raised the prospect of a partial and early reform of the corporation tax system. Back Page

● CBI's proposed strike insurance fund is expected to be based on an annual income of between £100m and £200m—the amount CBI leaders believe necessary to cover large company interests and fend off long strikes aimed at bankrupting the fund. Back Page; Conference reports, Pages 10 and 11

● GOVERNMENT and industry are urged to introduce robots and automation on a large scale in the 1980s in a Cabinet Office paper published yesterday. Back Page and Feature, Page 22

● BUILDING Societies are still failing to meet demand for home loans in spite of record mortgage lending levels, the Building Societies Association said. Page 9; Parliament, Page 16

● KUWAIT is likely to announce a rise of about 7.3 per cent in its crude oil price in the next few days, bringing the cost to about $23 a barrel. Page 4

● SCOTCH WHISKY exports continued to fall in September, but losses in volume sales were partly compensated by higher prices which boosted overall earnings by 8 per cent to about £500m. Page 7

● WORLD Business Weekly, launched in London by the Financial Times a year ago, has moved its offices to New York.

COMPANIES

● REED INTERNATIONAL has agreed to sell its Canadian offshoot's forest products assets in the Dryden, Ontario, area to Great Lakes Forest Products for about $80m.

● ACROW, the international engineering group, reports a sharp fall in pre-tax profits for the six months to September 30 from £5.98m to £1.31m—its first downturn for 30 years. Page 24 and Lex

● WHITBREAD raised pre-tax profits for the six months to September 1 from £31.93m to £36.31m, and the company says the trend is continuing in the second half. Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

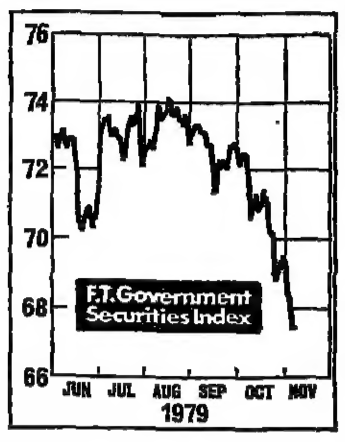
(Prices in pence unless otherwise indicated)

RISES		
Flight Refuelling	170	+ 15
House of Fraser	115	+ 3
IC Gas	588	+ 13
Lloyds Bank	275	+ 7
Martonair	170	+ 4
Grootvlei	239	+ 12
St. Helena	£10¾	+ 1¼
Venterspost	308	+ 20
Vlakfontein	84½	+ 7
West Driefontein	£27½	+ 1⅞
Western Deep	£11¼	+ ¼
Winkelhaak	891	+ 80
FALLS		
Treas. 12pc 1984	£92¾	− 1$\frac{7}{16}$
Treas. 11¾pc 03-07	£89½	− 1½
Allied London	91	− 5
Assd. Dairies	146	− 6
BATs Dfd.	231	− 7
Burnett Hallamshire	400	− 30
Caledonia Invs.	262	− 10
Gates (F. G.)	36	− 3
Howden (A.)	89	− 5
Johnson Gp. Clnrs.	127	− 11
Kynoch (G. and G.)	32	− 20
Land Secs.	261	− 5
London Prov. Shop	233	− 13
MEPC	147	− 6
Mothercare	184	− 6
Newman Tonks	65	− 7
Ocean Transport	93½	− 3½
Rowntree Mackintosh	166	− 6
SGB	238	− 14
Somic	27	− 3
Stylo Shoes	160	− 8
Thorn Elec.	336	− 18
Utd. Newspapers	361	− 17
Utd. Scientific	316	− 18
Vinten	108	− 10
Wilkinson Match	142	− 7
Willis Faber	205	− 7
RTZ	277	− 6

Gilts slide as UK monetary growth passes its target

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The rate of monetary growth accelerated last month to above the official target range. At the same time, there was a very large increase in bank lending. The figures were much higher than expected and led to sharp falls in prices of gilt-edged stock and Ordinary shares.



There are no signs of any early response from the Government, which regards the figures as probably the erratic result of a combination of unfavourable factors.

Consequently the authorities prefer to wait and see what is happening to the underlying demand for credit before reviewing their monetary stance.

However, the upward pressure on interest rates intensified yesterday, with three-month interbank rates rising by ¼ point to 15 3/16 per cent. At this level it is clearly attractive for top-quality industrial customers to borrow from the clearers and re-lend to the money market at a profit. If this round-tripping develops on any scale, the clearers will have to consider increasing their interest rates.

The rise in money market rates could just be a temporary hiccup, but the stock market is taking an increasingly pessimistic view of the prospects for interest rates. Prices of lang-dated gilt-edged stock dropped by up to £1¼.

The FT Government Securities index dropped by 0.73 points to 67.44 yesterday, bringing its fall in the last week to 2¾ per cent. Similarly the 30-share industrial Ordinary index, 7.5 up in the early afternoon, closed 2.5 lower at 418.5.

The news that worried the markets was the announcement by the Bank of England of a 2.4 per cent rise in the eligible liabilities of the banking system to £51.29bn in the month to mid-October.

These liabilities are a main component of the banks' deposits, and are a guide to the money supply figures, due to be announced a week on Thursday.

After adjusting for transactions *inside the banking* system, it is likely that sterling M3, the broadly defined money supply, increased by about 2 per cent last month.

This indicates an annual rate of increase of around 14 per cent since the beginning of the current target period in mid-June.

The underlying rate of expansion could be two to three percentage points *higher* because of growth of commercial bills held outside the banking system. These are a form of lending which escapes official controls. The permitted target rate of increase is 7 to 11 per cent.

The sharp rise in sterling M3 was partly because public-sector borrowing was higher than expected. This in turn was because payments of value-

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Thorn rushes out new offer to secure EMI

BY CHRISTINE MOIR

THORN Electrical Industries has rushed out an increased offer for EMI, the troubled music to medical electronics group, to win agreement from EMI's board and pre-empt any other bidder. The EMI board last night duly recommended the the offer to its shareholders.

The offer, which includes a partial cash alternative, a crucial condition laid down by EMI's board, values EMI at £169m. The original all-share offer, which was never officially put to shareholders, was worth £144m when it was announcew. By yesterday, with Thorn's shares drifting in line with market conditions, it was worth only £131m.

The offer is 28 Thorn shares (worth 336p each in the market yesterday after the announcement—an 18p drop) for every 100 EMI shares, plus £58 of convertible preference shares with a coupon of 7 per cent net.

Hambros Bank, acting for Thorn, has also agreed to offer 330p in cash for every Thorn share to shareholders who do not want to accept the ordinary share element of the deal.

This involves the issue of 31.1m Thorn shares and led to a hastily arranged underwriting deal with more than 300 institutions which created havoc in the market for a short time yesterday.

Unusually, the announcement that underwriting was in progress preceded the announcement of the new offer terms. This meant that the underwriters were in possession of facts not generally known and Thorn's advisers, Rowe and Pitman, asked for a suspension in shares until underwriting was complete.

The Stock Exchange refused the request for the traditional reason that underwriters could not assess their potential risk in the absence of normal trading.

The jobbers, also offered a share in the underwriting, decided that they would have to stop dealing in the shares or face being regarded as insider dealers.

The dealing halt lasted for two hours until the jobbers *decided that further closure* would penalise UK investors because the U.S. market in both shares was trading normally.

If the bid succeeds, the group will be renamed Thorn EMI. Sir John Read is to be deputy chairman of the new group.

Thorn also announced yesterday that, despite a small increase in turnover, pre-tax profits for the six months to the end of September had dropped from £54.1m to £51m

Lex Back Page

Inflation accounting plan soon

BY MICHAEL LAFFERTY

BRITAIN'S first inflation accounting standard is likely to be issued in March next year. It will be applicable to company accounts for periods beginning on or after January 1, 1980 and will be broadly in line with proposals published by the accountancy profession earlier this year.

Mr. Douglas Morpeth, chairman of the profession's inflation accounting steering group, said yesterday: "It looks very much as if we will get a standard off the ground on time."

The weight of support for the scheme, as measured by more than 200 submissions and comments at a series of public hearings, is roughly 80 per cent in favour, according to Mr. David Ross, secretary of the steering group.

He said the profession would make its decisions in the next three months, after which the Accounting Standards Committee, the rule-making body on company accounts, would probably make public its plans. A statement by January would give the companies affected adequate time to prepare for the standard, he believed.

The latest inflation accounting plan, the third the British accountancy profession has come up with the past 10 years, is described in a document called Exposure Draft 24. It calls on quoted companies, and other companies with a turnover exceeding £5m, to publish additional current cost accounts.

The object is to start from the traditional historic cost accounts by making a number of adjustments to the profit and loss account. Two of these, for additional depreciation and cost of sales, are intended to reflect the increased cost of production as a result of inflation. A third, adjusts profits by the extent to which debtors or creditors have been affected by inflation.

Finally, there is a gearing adjustment which reduces each of the other adjustments by the extent to which a company's capital comes from external borrowing.

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Steel plant may still be shut

By Our Industrial and Labour Staff

THE BRITISH STEEL Corporation may still go ahead with temporary closure of Ravenscraig, one of its three largest and most modern integrated steel works, despite the prospect of an early end to union blacking of the Hunterston ore terminal on the Clyde.

Mr. James Prior, the Employment Secretary removed one of the last obstacles yesterday to solve the inter-union dispute which has kept Hunterston closed.

He agreed to lay a draft Order designed to bring the terminal into the Dock Labour Scheme. The Hunterston dispute resulted in the corporation's threat to suspend operations.

It told union leaders yesterday that production at other steel plants would be immobilised if unions went ahead with industrial action against the decision to end iron and steel making at Corby, Northants.

The Iron and Steel Trades Confederation is recommending a one-day strike, national overtime ban and selective stoppages to other unions in the industry at a meeting of the TUC steel industries committee tomorrow.

Two officials of the ISTC plan to barrack and scatter leaflets from the public gallery during the Commons steel debate today.

Yesterday's developments, particularly over Ravenscraig, will reinforce suspicion that the corporation wants to shut further excess capacity in any case to meet its break-even target by April.

Mr. Bob Scholey, the corporation's deputy chairman and chief executive, said in a letter to steel unions that if industrial action over Corby resulted in works becoming unmanageable, "we would have no alternative but to close down its operations."

Mr. Scholey urged the unions to understand the corporation's need to bring its capacity into line with demand, and reduce costs to become competitive.

The risk of operations being suspended is greatest in steel plants where there is a high proportion of overtime working. Throughout the corporation the national average for overtime is 10 per cent, with up to 12 per cent in areas with high rates of absenteeism.

A proposal to start the process to add Hunterston to the list of scheme ports, which will result in reserving all non-ore handling jobs for registered dock workers, was a principal

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Khomeini takes over in Tehran

BY ANDREW WHITLEY IN LONDON AND DAVID BUCHAN IN WASHINGTON

AYATOLLAH KHOMEINI'S Government yesterday assumed full power in Iran after the resignation of the Government of Dr. Mehdi Bazargan. This formally clears the decks for the introduction of a full-blooded Islamic State of a type not known since the seventh century.

Western governments and businessmen are watching the unfolding drama in Iran with anxiety, aware that the new regime is unlikely to feel constrained by accepted principles of international diplomacy or commerce.

The resignation of the virtually impotent Government of Dr. Bazargan also reduced the prospects of an early end to the occupation of the U.S. Embassy in Tehran, now 72 hours long. The 60 American hostages have been threatened with execution in the event of any American military initiative to free them.

President Jimmy Carter met his senior advisers to discuss the situation. Afterwards Mr. Jody Powell, his Press Secretary, said the U.S. had ruled out the use of force.

The U.S. Government is exploring diplomatic channels through countries in good standing with Tehran to express the full extent of its concern. Fundamentalist Islamic or extreme governments headed by Moslems such as those of Pakistan, Algerian and Syria are known to have been contacted.

In the Commons Mrs. Margaret Thatcher condemned the takeover of the U.S. Embassy as "an outrage to diplomatic relations everywhere."

Mr. Peter Shore, the Shadow Foreign Secretary, said he endorsed and reinforced the protest delivered to Iran on Monday concerning the temporary occupation of the British mission.

In Iran, the Revolutionary Council asked the outgoing lay ministers and deputy ministers to remain at their posts "until a final resolution of their position." But otherwise the council gave little indication of its intentions.

In his message charging the council with the difficult task of administering Iran for the moment, Ayatollah Khomeini said it should immediately hold a referendum on the new Islamic constitution as well as elections for a President and legislature. Thereafter, its role is unclear.

The religious leader said he had accepted Mr Bazargan's resignation "while appreciating his hard work . . . and with belief in his goodwill." The 72-year-old Premier had tried to resign on several previous occasion, but had been persuaded by Khomeini to stay on.

Doctors for the Shah, in hospital in New York, said yesterday that his condition was worsening. They said he may need another operation shortly and that his neck tumour was getting larger.

U.S. officials have made it clear that they do not intend to bow to pressure to send the Shah back to Iran, but the occupiers of the Tehran Embassy appear equally adamant.

The Ayatollah's takeover, Page 4
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A communique broadcast on the state radio said: "The spying and plotting centre of the U.S. will be in our hands until the final conclusion."

The "Moslem students," as they have described themselves, called on the Embassy's chargé d'affaires, Mr. Bruce Laingen, to come out of hiding. Mr. Laingen is believed to be still in the Iranian Foreign Ministry building, where he has been since Sunday trying to keep open channels to Washington and negotiate the release of his staff.

Two other Americans working in an official capacity in the Iranian capital were rounded up yesterday and taken to join the other hostages within the Embassy compound. However, no harm has come to the other 700 or so Americans working in Iran.

The U.S. State Department is resisting pressure from many people to take some retaliatory action against Iranian students in the U.S., believed to number nearly 50,000.

In dealing with the crisis over its Embassy, the U.S. has very few options. Although officials have played down the potential effect of the loss of Iranian oil supplies, the impact of a boycott could be serious.

£ in New York

—	Nov. 5	Previous
Spot	$2.0690-0700	$2.0560-0570
1 month	0.25-0.30 pre	0.25-0.30pre
3 months	0.30-0.35 pre	0.35-0.40pre
12 months	0.45-0.50 dis	0.20-0.05 dis

EUROPEAN PARLIAMENT IN STRASBOURG

Confrontation looms on the budget

BY ELINOR GOODMAN

EUROPEAN MPs will today vote on a motion to halve Parliament's rent provision and so force it to stop its expensive monthly cavalcade between Strasbourg and Luxembourg. It is one of dozens of amendments tabled by individual political groups, over and above the 200 or so which have received the budget committee's approval.

Before voting at the end of the day on the revised 1980 budget, MPs will have dealt with over 300 amendments. These range from attempts to control staff costs to the fundamental question of what the balance of total spending should be

The amended budget will then go back to the Council of Ministers who, on past form, will return it to Parliament with most of the major amendments mutilated. The stage could then be set for a confrontation.

The procedure for arriving at next year's budget is essentially the same as in other years, but the atmosphere in which negotiations are being conducted is subtly different. For a start, there is the real possibility that the Community will run out of funds in 1981. More importantly for Parliament is the fact that it is acting as a directly elected body for the first time. Its authority as an instrument of budgetary control is on trial.

As everyone is aware, if Parliament succeeds this year in its relatively modest challenge to the Council of Ministers, it might attempt more fundamental action in the future.

Today's amendments cover every aspect of Community spending. The budget committee has recommended, for example, that the cut in the Commission's proposed regional budget should be restored. But the muscle flexing has been most evident in the field of compulsory spending, which is dominated by agriculture.

Mr. David Curry . . . CAP Community cancer

The old Parliament accepted the interpretation of the rules that this was out of bounds for MPs. But the new MPs insist that they have found a way around this. Assuming the budget committee's plans are accepted, the Community's lawyers could have a field day interpreting the letter of the law.

It has not been easy gaining agreement on a common strategy even among members of the budget committee, but with the guidance of the Dutch Socialist, Mr. Peiter Dankert, they have produced a report which is in many ways sympathetic to the British position on farm spending.

It recommends that 280m units of account be switched from the dairy sector into reserve funds.

To the disappointment of Mr. Dankert, he was unable to gain the necessary majority in the committee for a proposal imposing a tax on milk producers. But his sympathisers are tabling it independently, for approval by the House, and the signs yesterday wer that it might well be passed.

The second day of the debate on the budget yesterday showed how difficult it is for the individual political groups to reach a consensus over such a central issue as agricultural spending. National differences were as much in evidence as political ones.

Virtually all speakers agreed that the present system was not functioning perfectly. British Socialists and Tories were united in arguing that the Community should not be allowed access to more funds until the agricultural situation has been sorted out. But politicians from areas which benefit, argued that the problem was not that the agricultural policy was working badly but that the Community had failed to develop any other common policies. As a result, agriculture was inevitably swallowing the lion's share of resources.

The solution, they maintained, was not to cut agricultural spending but to develop other policies.

Yesterday's debate also showed that, however much common ground exists between politicians from the same country, the truly professional politician can still score points. With the television cameras fixed firmly on her, Mrs. Barbara Castle, leader of the British Labour delegation, castigated the Commission for promising proposals to take a larger slice of VAT revenues.

Accusing the European Tories of voting against measures to help consumers, and making only token amendments to the agricultural budget, she overlooked the fact that many of her criticisms of the Community budget were precisely those of Mrs. Thatcher.

The Tories answered back with their agricultural spokesman, Mr. David Curry. To defend the common agricultural policy as the backbone of Europe was nonsense, he said. It was a cancer eating away at the tissues of the Community.

The Conservative group looked forward to the day when the Community ran out of its own resources. It was about time Parliament looked for value for money from policies rather than regarding them merely as symbols of European unity.

Just how determined an assault Parliament is prepared to make on the budget should be clear by tonight. A questionmark hangs over the attitude of independent left-wingers in Parliament who, in the past, have shown a remarkable unity when it comes to filibustering.

One story going around Strasbourg last night—typical of the way rumours breed in the hothouse atmosphere of this plexiglass Parliament—said militants had worked out a combination of the voting buttons which would jam the whole electronic voting system.

French air controllers step up disruption

By David White in Paris

INTERNATIONAL flights out of France were halted for much of yesterday, as were many domestic services, when air traffic controllers decided to step up strike action which began a week ago.

The controllers, who disrupted peak holiday weekends last year, yesterday embarked on an extended programme of stoppages. The main control centre at Athis-Mont near Orly Airport, Paris, refused take-off clearance from 9 am until 5.30 pm. A similar protest is planned for tomorrow. Today and on Friday take-offs will be blocked from 2 pm to 5.30 pm.

The unions are to hold further meetings at the end of the week to decide whether to pursue their campaign to alter working conditions and their pay structure.

Air France kept up its Concorde services by advancing take-off times. All its long-distance flights were maintained by similar means yesterday, except those to the Middle East. Today the airline is planning to go ahead with all except six of its scheduled long-haul services but heavier disruption is expected on Thursday, when some of Air France's own ground and cabin staff go on 24-hour strike.

Meanwhile trouble at the Dassault - Bréguet aircraft company, took a more serious turn yesterday when the two main unions called their members out on strike. The company's plants have been subject to daily stoppages of two hours or more for nearly two months, in pursuit of higher pay and shorter hours. The company's Argenteuil factory, near Paris, was occupied two weeks ago.

A group of Dassault workers yesterday invaded the premises in the Champs Elysées of Jours de France, a magazine owned by the company's chairman, M. Marcel Dassault.

Rumours surround Giscard

By Robert Mauthner in Paris

A SPATE of wild speculation has been provoked by President Giscard d'Estaing's decision to retire to his family residence at, Chanonat, central France, for 48 hours reflection.

He is considering his course of action following the political storm caused by the suicide of M. Robert Boulin, his Labour Minister.

Some French newspapers have even suggested that the President has been thinking about resigning and immediately announcing his candidature for the subsequent presidential election.

Other commentators have done no more than talk about a possible Cabinet reshuffle, which would not necessarily involve M. Raymond Barre, the Prime Minister.

Presidential aides, however, have discreetly let it be known that the President is most unlikely to announce any spectacular moves at the weekly Cabinet meeting today.

It may well be, for the moment at least, that the only government change will be the appointment of a new Labour Minister to succeed M. Boulin.

The aides have stressed, in particular, that it would be courting disaster for the President to change his Prime Minister at this crucial stage of the budget debate.

After last month's rejection by the National Assembly of the revenue chapters of the budget, it will need all M. Barre's skill to find a compromise with the Gaullists which would permit the budget to win parliamentary approval.

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Compulsory profit-sharing in new Danish package

BY HILARY BARNES IN COPENHAGEN

COMPULSORY profit sharing, higher corporate income tax, increased wealth tax, new property taxes, and cuts in tax-deductible allowances, were among the economic policy measures announced by Mr. Anker Joergensen, Danish Prime Minister, at the opening of the Folketing (Parliament), yesterday.

The measures are designed to increase public understanding and support for the incomes policy which the Government intends to impose, after tripartite negotiations with labour and management, Mr. Joergensen said.

Meanwhile, the Government has imposed the toughest price and wage freeze since wartime emergency measures. The freeze, effective last Sunday, will apply until January 1, while details of a longer-term incomes policy are worked out.

The price freeze forbids higher prices arising from import price increases, as well as all increases in wages, salaries, fees, rents and dividends.

This year's oil price increases and other raw material price rises would cost Denmark at least DKr 7bn (£620m), the Prime Minister said.

The current account balance of payments deficit for the first nine months was about DKr 11bn (£974m) compared with a deficit of DKr 8bn for the whole of last year.

The deficit for 1979 would exceed DKr 14bn — easily a record. The rapid increase in the foreign debt was threatening to undermine the country's credit worthiness, Mr. Joergensen warned.

Severe restraint on consumption was necessary to improve the external balance, Mr. Joergensen added. Government policy aimed to strengthen the State budget both by stabilising expenditure and increasing revenue.

To this end, the Prime Minister proposed an increase in corporate income tax from 37 to 40 per cent, a new annual tax on property and abolition of a special 10 per cent investment allowance for machinery and equipment.

He also proposed higher wealth tax and a switch in the deduction of interest on private debt allowable against income to a deduction against income tax, which means home-owners with mortgages will have to pay more tax.

The Government will call for a Parliamentary resolution approving a compulsory profit sharing scheme, which the Government will later enact.

The scheme involves the transfer of 10 per cent of after-tax profits to an investment fund controlled by the trade unions. The fund would normally reinvest the money in the companies making the transfer where it would represent wage earners' equity capital.

The profile of the Government's tax proposals and the compulsory profit sharing scheme are seen by the Government as redistributive measures which will win trade union support for the incomes policy, of which no details have yet been disclosed.

But it is expected to involve a prices and incomes freeze until March, 1981, when present collective wage agreements expire.

The Government will have to rely on the parties to its right for its incomes policy measures, and on the parties to its left for most of its other proposals. It runs a considerable risk of defeat.

Almost certainly, there is not a majority for the compulsory profit sharing scheme. Even if it is approved, there will be enough support from the Opposition to ensure that any measure is subjected to a referendum.

Judging by recent opinion polls, any measure would be heavily defeated.

Hua hails successful Europe tour

BY RUPERT CORNWELL IN ROME

CHAIRMAN Hua Guofeng left Italy for home last night after declaring his visit to Western Europe "a complete success." He also signed three new agreements aimed at underpinning closer ties between China and Italy.

The agreements, signed at the end of a four-day official visit to Italy, provides for greater scientific, technical and cultural co-operation, closer economic collaboration and the reciprocal opening of consulates in Milan and Shanghai.

It has been decided that the recently created technical commission of senior officials from the two nations will meet early in 1980. They may settle some of the prospective deals which have been further examined during Chairman Hua's stay.

The overriding impression left is of a considerable improvement in relations between Rome and Peking, but with little concrete advance in terms of new economic ventures.

The Chinese have confirmed ENI, the state-controlled oil energy agency, as a leading foreign group involved in oil exploration planned by China, especially offshore in the South China Sea. Conclusion of an agricultural equipment deal with Fiat still seems some way off.

The Chinese side is clearly happy with the outcome of the visit to Europe of their Head of State and Government, whatever embarrassment his anti-Soviet tirades may have caused in Paris and Bonn.

In a written declaration after a last round of talks with Sig. Francesco Cossiga, the Italian Prime Minister, Chairman Hua declared that his visit to four countries had been a complete success and had produced a broad convergence of views.

He said the visit had been aimed at increasing mutual understanding, developing economic ties and uniting forces to protect peace. That goal had been achieved. An independent and united Western Europe was an important factor for maintaining world stability.

Among the most important features of the Chinese leader's stay in Rome was his first contact with leaders of the Italian Communist Party, whose ties with Moscow have made it an object of suspicion in Peking. But on Monday the Chinese leader twice met Sig. Enrico Berlinguer, the Italian party's secretary, and other senior party officials. The significance of the exchanges, cordial if necessarily brief, was being underlined by officials of the Italian Communist Party yesterday.

هكذا من الأصل

Irish concern over mounting trade problems

BY STEWART DALBY IN DUBLIN

THE IRISH punt's climb above parity with sterling, which has taken place since last week, could in the long run help *Ireland's balance of trade*, providing it remains at a premium. However, trade figures for the first eight months of this year show that the country is suffering *serious balance of payments* problems.

These figures, moreover, do not reflect the fluctuations of sterling and the dollar for the four months April to August, during which time, the punt depreciated against the British pound. At one stage, the punt went down to 88p, because of the strength of sterling. This followed Ireland's membership of the European Monetary system which Britain has not joined.

Officials at the Export Board fear that the currency fluctuations over this four month period could give a further boost to the value of imports, when prices work their way *through*. Also, the effect on exports of a weak punt against sterling has yet to emerge. Despite diversification, 46.2 per cent of Ireland's exports still go to *Britain*.

Higher oil costs have still to work their way into the figures fully, and Ireland imports over 80 per cent of its energy needs, 75 per cent of it *oil*.

As it is, the trade gap for the eight months ended in August was Ir£984m. Imports, at Ir£3.17bn were 31 per cent *higher than for the comparable* period in 1978, while exports at Ir£2.19bn were 17.5 per cent to the good. The trade deficit was 72 per cent higher than the same *period in 1978*.

The Export Board claims to be reasonably happy with export performance. One official pointed out that, in value terms, Ireland would probably top the EEC table for another year, *although Italy might pip it at* the post. Exports were poor for the first three months of the year because of exceptionally bad weather and the lorry *drivers strike in Britain*.

The overall figure has also been held back by sluggish exports of beef. Sales of live cattle abroad dropped by 26.9 per cent from Ir£100.5m to Ir£80.5m. Food, drink and tobacco were only 11.8 per cent better. This category includes processed beef.

Beef exports—one of the two main agricultural exports—were bad because farmers rushed to sell as much as possible thanks to relatively better prices under *the common agricultural policy*.

The Export Board was heartened that the biggest growth came in manufactures. The overal lincrease was 24.2 per cent, and in machinery was 31 per cent, and appears to have *come in what the board calls* Continental Europe. The percentage of exports going to Britain dropped slightly from 47.4 per cent to 46.2 per cent.

If exports have given grounds for modes satisfaction, however, the trend in imports has caused some alarm. The big rise was due to the fast growing economy and the generous expansion of credit. Last year, the Irish economy grew by 6.5 per cent and credit was allowed to grow by 38 per cent. The increases, therefore, were in the categories of consumer goods, capital goods and raw materials.

The economy has slowed down this year and credit has been *held regorously* to an 18 per cent increase by the central bank. However, a wide trade deficit by the end of the year is in prospect.

Ireland habitually runs a trade deficit which it usually *covers by invisible* earnings and capital inflows. For example, in 1978 the balance of payments deficit on current account was Ir£156m and this was covered by *capital inflows* for foreign investment.

This year, tourism earnings, the main invisible earner, will probably be down on last year's Ir£400m, *and it seems* unlikely that the trade deficit will be covered on current trends. The Government, therefore, faces the prospect of running down reserves *which* were *Ir£933.6m* at the end of September, compared with Ir£1.25bn at the end of December 1978.

Alternatively, it could borrow *in foreign* currencies to cover the deficit, or it could try to deflate domestic demand.

Demirel closer to majority

ANKARRA—Mr. Suleyman Demirel, Turkey's Premier-Designate, yesterday expressed his belief that he now has enough parliamentary support to form a new Government which could win a vote of confidence in the country's 450-seat assembly.

Mr. Demirel was named to form a new government 10 days ago, following the resignation of Mr. Bulent Ecevit's 21-month-old Cabinet. Mr. Ecevit resigned as Prime Minister *after his Republican* People's Party suffered massive losses in mid-term elections.

Mr. Demirel's centrist Justice Party emerged victorious from the poll, winning 47 per cent of the votes. But the elections did not greatly change the line-up in the assembly, where no single party commands a majority.

Mr. Demirel's party has only 185 assembly seats, 41 short of a *majority and 13 less than Mr.* Ecevit's party. Yesterday he said he already had 205 sure votes, with the officially declared support of the ultra-rightist National Movement Party and splinter groups.

Mr. Demirel has yet to meet Mr. Necmettin Erbakan, the leader of the Moslem fundamentalist National Salvation Party.

AP-DJ

Security forces accused of Basque torture

BY ROBERT GRAHAM IN MADRID

A POTENTIALLY damaging controversy has erupted over claims that members of the security forces *in the Basque* country have tortured suspected members of ETA, the militant separatist group.

The charges have been made by Sr. Juan Maria Bandres, an MP and leader of Euskadiko *Ezkerra, the Left-wing Basque* party.

The Government has dismissed them as fabrications aimed at discrediting the *security forces*. However, the allegations and the way in which the *Government* has reacted have merely fuelled the debate on the often controversial role of the security forces in the Basque country.

In the wake of the referendum endorsing Basque autonomy, this polemic threatens to embitter *feelings* just when there were signs that passions were beginning to cool.

Sr. Bandres claims that a Sr. Mikel Amilibia was detained by the Guardia Civil on October 14 and, after being held incommunicado in San Sebastian *for six days, was taken before* an examining magistrate, to *whom he claimed that he* had been tortured. He was subsequently released and complained that police had used electrodes on his thigh.

Another ETA suspect, Sra. Izaskun Arrazola, arrested at the same time, was held for the maximum 10 days permitted under anti-terrorist legislation *before being released. She* also complained of torture.

The Government's official spokesman, Sr. Josep Melia has dismissed these allegations, *maintaining that the injuries* suffered by Sr. Amilibia were caused by a *heated coin* applied to the least sensitive part of the thigh after detention. Sr. Melia said the torture claims were merely efforts to discredit the police.

However, his statement is regarded as clumsy in the Basque *country. Because* Sr. Bandres supported the autonomy statute. Euskadiko Ezkerra, which acts as a political front for the political-military wing of ETA, was largely responsible for persuading the latter to support the *statute—causing* in the process a clear split within ETA.

Small rise in W. German jobless

BY ROGER BOYES IN BONN

THE NUMBER of unemployed in West *Germany rose slightly* last month compared to September, but the figure is still the lowest for five years.

Buoyed by the general upturn *in the economy*, the unemployment rate is well below the 4 per cent mark. For the first time this year, the average number of jobless has also dropped below 900,000.

According to the Federal Statistics Office, the number of unemployed rose by *24,900* in October to 761,000. This represents a 3.3 per cent unemployment rate compared to 3.2 per cent in September. The January-October unemployment *average is 890,000*.

The rise, in the opinion of the Statistics Office, reflects normal seasonal factors—the gradual laying off, for example, *of construction* workers before the winter.

Seasonal factors have also influenced the number of workers on short-time which has increased by 23,900 to 60,500. This is still relatively low, thanks to a pick-up in such areas as the steel industry. The number of vacant positions fell by 4.2 per cent from September, to 306,800.

The figures will give the Government a little more room for manoeuvre in the wage *round this winter. Union* leaders have already said they will be pressing for large claims in order to compensate for higher oil prices and to benefit *from the higher productivity* in most sectors.

Employers and Government officials, however, have warned that large wage claims would result in drastic cutbacks in investment programmes, which in turn would lead to increased unemployment. *A low, stable* unemployment rate can thus be used by the Government to demonstrate the benefits of moderate wage increases.

Swiss at top of world savings table

By John Wicks in Zurich

THE SWISS have the world's largest per-capita bank savings, according to the International Savings Bank Institute in Geneva. At the end of last year, the average savings account in Switzerland equalled $15,033. This is well ahead of the per-capita figure of $13.305 in Japan, second on the Institute's list.

Belgium is in third position with $6.381 per head, followed by Austria ($4,885), West Germany ($4,776) and the U.S. ($4,685).

Backing in Netherlands for NATO missiles

By Charles Batchelor in Amsterdam

AN INDEPENDENT *group of* advisers of the Dutch Minister of Defence has come out in favour of the modernisation of NATO's theatre nuclear forces *in Europe. In its report*, presented on the eve of a two-day debate on NATO issues in Parliament, the Advisory Council for Defence Matters has urged a decision in favour of the production and limited deployment of new nuclear warheads.

If negotiations with the Soviet Union on a reduction of Warsaw Pact forces in Europe do not produce the desired results, then more of the Pershing 2 and Cruise missiles could be stationed in Europe, says the report, which was signed by a majority of the 15-member *council*.

A minority report, signed by three members, called for NATO to do no more than decide in principle to deploy new missiles in Europe.

The council is composed of former MPs, academics, union *leaders and economists from a* wide range of the political spectrum, and can call on a number of military advisers. Its report goes further towards accepting the modernisation of NATO's nuclear weapons than did the leading government *party, the Christian Democrats*, when it formulated its position last week.

The Christian Democrats are willing to accept the production of the missiles but want a decision on deployment put off until talks have been held with the Soviet Union.

The Netherlands is seen as the weak link in the NATO chain by many observers in the West. The largest party in Parliament, the opposition Labour group, is opposed to modernisation, while the Christian Democrats are split.

Stressing the opposition by a large number of Christian Democrat MPs to the modernisation plan, Mr. Ruud Lubbers, the party's parliamentary leader, warned that the NATO proposals go too far. The detailed plans put forward by NATO would bind its member countries for many years, he said.

While Mr. Lubbers represents *a large faction of the party*, most of the Ministers in the Christian Democrat-Liberal Cabinet are believed to be in favour of modernisation.

APPLAUSE FOR THE VICTOR

Mr. Masayoshi Obira, Japan's Prime Minister, bows to Parliament after winning re-election to office. Mr. Obira defeated his arch-rival Mr. Takeo Fukuda in a showdown vote by MPs.

Kim plotted Korea coup bid alone, says report

BY RON RICHARDSON IN SEOUL

KIM JAE-KYU, former head of South Korea's Central Intelligence Agency, assassinated President Park Chung-Lee in an attempt to take over the Government, in the belief that he could gain support from the *military, according to the official* report on Park's murder. But the joint civilian-military investigation said it could find no evidence of prior military involvement.

The report, released yesterday, said Kim had plotted the *coup attempt alone for more* than four months. He saw his opportunity on October 26 when the President told him that he would dine with him in a private restaurant

Kim called Gen. Chung Seung-Hwa, Army Chief of Staff, and one of his own assistant directors to dine in an adjoining restaurant in the belief that he could persuade them to support his coup, once Park was dead.

Kim also gained the tacit approval of Park's powerful Secretary-General to kill the "troublesome" head of the presidential bodyguard, the report said.

The investigators concluded that the Secretary-General had supported Kim's attempted coup, once the President was shot.

Kim planned to call a Cabinet meeting immediately and to impose martial law, while suppressing news of Park's death for three days, the investigators said.

He believed men from his own extensive intelligence agency, *could* "investigate" Park's killing and also control any political situation which it provoked.

Maj.-Gen. Chon Tu-Hwan, said *Kim mistakenly believed that* all key officials in the Government and its military commanders were under his influence. He also had the illusion that he was the most eligible person for the presidency.

Kim's plot almost succeeded. *Three hours after the assassination*, the Army and Cabinet still believed Park had been killed by North Korean commandos or rebellious units

IRAN: THE AYATOLLAHS TAKE OVER

Crisis adds to worries over energy supplies

BY RAY DAFTER, ENERGY EDITOR

UNCERTAINTIES about oil supplies and prices are now occurring almost daily and the Western world is entering the winter with as much doubt about energy supplies as it had at the end of last winter.

Iran remains at the centre of the uncertainty. Through Mr. Ali Akbar Moinfar, until yesterday the country's Oil Minister, Iran has said that it might cut off oil supplies to the U.S. if demands for the return of the Shah are not met.

Such a move would cut U.S. supplies by about 400,000 barrels a day, some 5 per cent of the country's imports. If the embargo was broadened to include U.S. oil companies, the impact on world supplies would be even greater. These companies have recently been lifting Iranian crude at the rate of about 500,000 barrels a day. If other countries outwardly supported the present U.S. stance of staunch resistance to Iran's demands, Iranian exports might be trimmed even further.

Any significant reduction in Iranian production, now running at about 3.3m b/d, would send a shock wave through the oil industry. As it is, Iran is producing oil at a rate some 700,000 b/d less than it was managing in May and June this year, and more than 2.5m b/d less than was being achieved in 1978 before the revolution.

Not all of this oil reaches the world markets. Between 600,000 and 700,000 b/d is retained for internal enery use. Of the remainder which is exported, up to 1m b/d has been switched from the contract market to the more volatile, but, to Iran, more lucrative, spot market.

It is an indicator of the Western world's uneasiness about future oil supplies that Iran has felt confident enough to ask a seemingly outrageous price of $50 a barrel for spot cargoes of its Iranian light crude. Industry reports suggest that it has already obtained $45 a barrel from customers hoping for assured term contracts next year. Japanese and European buyers are said to be prominent customers of Iranian spot market crude,

Recent analysis of major Western energy companies has suggested that there could be even less Iranian crude in the world market next year, even without politically-inspired production cutbacks.

A number of companies had expected Iranian output to average about 4m b/d this year and next. However, they have been growing increasingly concerned about the lack of maintenance work in the oil fields, on pipelines and at the export terminals. Consequently it is now felt that Iran may not be able to sustain an output of more than 3.5m b/d. At least one major company has accepted that the production level might be nearer 2.5m b/d.

Even this lower lever might not be too disruptive to worldwide supplies, provided it is arrived at gradualy and is not accompanied by similar production restrictions among other major exporters.

Shell Oil in the U.S. has made a new analysis of world supply and demand and come to the surprising conclusion that States belonging the the Organisation of Petroleum Exporting Countries could reduce their average production next year by about 2.5m b/d to 29m b/d. The estimate arises from an expected substantial slowdown in world economic activity and a rise of about 1m b/d in output from non-OPEC countries.

Already Shell Oil has found that demand in non-Communist countries in this current quarter is about 2m d/b lower than expected just prior to the Iranian crisis.

Even so, there is expected to be little relief from the pressures and uncertainties that dog the oil market. The International Energy Agency has now become convinced that the world must assume that OPEC oil production will never reach higher levels than at present.

That means there is only one way for OPEC exports to go—downwards. What worries energy planners is that the drop could be sudden, perhaps coinciding with a period of high demand or low stock levels.

There have been ample warning signs. Nigeria has already trimmed its output by 10 per cent (some 200,000 b/d) because some of its fields were being over exploited. Venezuela officials have indicated that their production will be reduced by 150,000 b/d next year in the interests of conservation.

There is industry concern that Kuwait might reduce its present production (2.2m b/d) by as much as 25 per cent. With the recent jump in oil prices Kuwait, like other producers, could afford to restrict output and conserve supplies.

Doubts surround the future production levels of other OPEC members, including Abu Dhabi, Libya, Algeria and Iraq. Saudi Arabia has still to announce whether it will keep its production level at 9.5m b/d next year, or reduce it to what it sees as a more acceptable level of 8.5m b/d.

Ayatollah Khomeini's son, Ahmad (in gown), stands on the U.S. Embassy wall to address students.

Firmly committed to non-aligned course

BY OUR FOREIGN STAFF

IRAN'S unilateral abrogation on Monday of its defence pact with the U.S. and emasculation of its main treaty with the Soviet Union have at a stroke cut its most important foreign links and set it firmly on the non-aligned course announced after the February Revolution.

The termination of the 1959 pact with the U.S. removes Iran from the protection of the American nuclear shield,

The official Pars news agency also announced on Monday that Articles Five and Six of a friendship treaty signed in February, 1921, between Iran and Moscow were "no longer applicable and therefore cancelled."

The articles theoretically gave the Soviet Union the right to intervene militarily if a third, country were to establish a military base on Iranian soil "as a base of operations against Russia."

The 1921 treaty as a whole has not been cancelled and indeed, is reinforced by the Iran-Soviet Treaty of 1927. It would appear at first sight that the Iranian authorities have not been even-handed in their treatment of Washington and Moscow.

Mullahs run shadowy new ruling body

BY ANDREW WHITLEY

Iran is now run by a Government whose size, personalities and methods of operation are unknown either at home or abroad. This follows the announcement yesterday that the country's Revolutionary Council had formally taken over the reins of power, instead of operating from behind the scenes.

The conduct of international relations and the handling of critical domestic issues such as oil, employment and security, would appear to demand the naming of individuals entrusted with these tasks. But the habitual veil of secrecy, drawn ostensibly for security reasons has yet be to lifted from the council's membership.

However, from the leaks and indiscretions to emerge from Qom—more than ever the political powerhouse of Iran—and from Tehran, the official capital, a reasonably accurate picture of the Revolutionary Council can be constructed.

Ayatollah Khomeini is undoubtedly the council's leader, though he probably has an *ex-officio* position rather than a direct role as chairman of its meetings.

In his absence the council is probably run by Dr. Beheshti, a senior cleric who has spent some years in West Germany and speaks both German and English. Ayatollah Beheshti, as he is generally known, is the head of the Islamic Republican Party, the most powerful grassroots political organisation in Iran. He is also a leading light in the Council of Experts drafting the country's new constitution.

Other key figures in the leadership are Khomeini's son-in-law, Hojatulislam Eshraq—a radical believed to have the ear of the unofficial head of state—and the Ayatollah's son, Ahmad. On his public record, Ahmad has gone against the trend in defending unpopular causes, such as the rehabilitation rather than execution of prostitutes, and generally taken a more moderate stance than his colleagues on social and political issues.

The clergy are generally believed to make up two thirds or three quarters of the 15 to 20 members of the Council. But while many foreign analysts think the Council is divided into factions, based on differences over tactics as well as straightforward personal rivalries, there is no agreement about where the dividing lines are drawn.

A group of "Young Turks" who believe passionately in Khomeini's concept of the rule of the theologians, emulating the experiment of the Prophet's son-in-law Ali in the seventh century, appears to be set against a more pragmatic school aware of the dangers that this approach could pose for national unity and continuation of the revolution.

Only four or five laymen are believed to be represented on the council. Of these several, like the council's economic adviser, Abolhassan Bani-Sadr, have long-standing clerical connections. Among the others are thought to be the broadcasting chief, Mr. Sadeq Ghotbzadeh, and the outgoing Foreign and Defence Ministers, Dr. Ibrahim Yazdi and Mr. Mustafa Chamran.

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OTHER OVERSEAS NEWS

Increase likely for Kuwait crude

BY OUR ENERGY CORRESPONDENT

KUWAIT is expected to announce a crude oil price increase of about 7.3 per cent in the next few days.

It will bring the cost of Kuwaiti oil to about $23 a barrel—still within the limit set by the 13-nation Organisation of Petroleum Exporting Countries but more in line with the price of competitive crude oil produced by other Gulf States.

Kuwait raised the price of its crude oil by 10 per cent to $21.43 a barrel in October. Sheikh Ali Khalifa Al Sabah, the Kuwaiti Oil Minister, said recently: "Our problem is that with the current market situation, spot prices are $40 to $45 a barrel.

"Under what circumstances, if someone wanted to buy a product at $45, would you sell it for $21?" Kuwait had not raised its price before, because it was anxious not to stimulate price leap-frogging, he added.

But in recent weeks, a number of producers, including Nigeria, Algeria, Libya, Norway and the UK, have imposed increases which have taken contract prices beyond the $23.50 OPEC ceiling.

AP-DJ adds: Intensification of already acrimonius relationships between Iran and the U.S. has bolstered prices for spot crude oil, although nothing that could be called panic buying has yet occurred.

Sellers of both spot crude oil and oil products have either withdrawn from the market to await developments which they feel could result in sharply higher prices, or they are offering at levels the market is so far reluctant to concede.

Arabian light crude, the marker crude of OPEC countries, is generally valued at between $38 and $39 a barrel fob, up about $1 a barrel from last week.

While no large purchases have been made by a single buyer in the past week, a steady stream of smaller transactions has been dominated by offerings of Russian Urals crude, which has sold at $37-$38 a barrel cif, and Italy and and Egyptian Suez blend, at $36.50-$36.75 a barrel fob.

Other prices mentioned include $37.50 a barrel for Dubai crude, $37.25 for Arab medium and $35-36 for Arab heavy.

A cargo of Iranian mix was said to have changed hands at $38 fob for light and $36.50 for heavy.

Sharon in row over settlement

By David Lennon in Tel Aviv

MR. ARIEL SHARON, Minister in charge of settlements, yesterday accused the Defence Ministry of deliberately proposing unsuitable alternative sites for the Eilon Moreh settlement, near Nablus, on the occupied West Bank of the Jordan.

He said this could lead to confrontation between the settlers and the army which, in turn, could lead to the resignation of Mr. Menahem Begin, the Prime Minister.

The Supreme Court has ordered Eilon Moreh to be dismantled and has said the land requisitioned illegally for the settlement should be returned to its Arab owners by November 22.

The Cabinet's inner defence committee which met yesterday to discuss moving the settlement ignored Mr. Sharon's accusation. It decided to empower the Defence Minister to negotiate with the settlers over temporary sites while the search continued for suitable land for a permanent settlement beside Nablus, the West Bank's largest town.

Israel's Finance Minister pledges tough measures

BY OUR TEL AVIV CORRESPONDENT

TOUGH NEW economic measures to halt the deterioration in the economy and head-on confrontations with the trade unions could face Israel with the selection of a right-wing businessman as the new Finance Minister.

Mr. Yigal Hurwitz—orthodox medicine

Mr. Yigael Hurwitz, 60, is expected to take up the post this week. He replaces his ineffectual predecessor, Mr. Simcha Erlich, who was unable to obtain Cabinet backing for his plans to cool the overheating economy which was the result of his economic liberalism.

Mr. Hurwitz has promised that he will act speedily and painfully to halt the country's slide into economic anarchy. He is determined to stop the growth in the balance of payments deficit which should set new records by the end of the year, and to fight inflation which has reached 100 per cent and is accelerating.

Mr. Hurwitz's medicine is orthodox: slash public spending, abolish government subsidies on basic foodstuffs and transport, and force people out of the civil service into industry.

The new Finance Minister has resigned twice from the Begin Government, where he originally served as Minister of Industry, Trade and Tourism. He quit first in protest at government overspending, and the second time when Israel accepted the Camp David peace accords with Egypt.

South Africa backs maize ban

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN Government officials have expressed approval of Zimbabwe Rhodesia's decision on Monday to halt the shipment of maize through its territory to Zambia.

Pretoria's attitude appears to be that the Rhodesians have been sufficiently provoked by guerrilla attacks on their transport links to justify their action. "This has been cooking up for a long time. It is perfectly understandable that the Rhodesians have reacted in this way," a Government spokesman said yesterday.

After Zambia purchased 0.2m tons of maize from South Africa last month, it was hoped the security situation in Zimbabwe Rhodesia might allow trains to operate at night on the Victoria Falls route. But this has proved impossible, and South African Railways have been sending only about 1,400 tons of maize a day to Zambia.

The trucks which have been carrying maize for the past few weeks will now be allocated to other goods for Zambia. Especially fertiliser. There is also a long waiting list for the shipment of general goods to Zambia, and South African Railways hopes that the security situation permitting, the extra trucks now available will enable it to work off some of this backlog.

Tony Hawkins adds from Salisbury: Zimbabwe Rhodesia confirmed yesterday that Zambian and Zairean copper exports using the southern route through Rhodesia to South African ports will not be affected by Salisbury's ban on maize shipments.


"MOST OF OUR VITAL PEOPLE
WERE HAPPY TO MOVE HERE.
THAT'S WHY WE PICKED
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THE BUTTERFLY LIKES THE
PLACE, TOO."
TOM BLUNT, MANAGING DIRECTOR
CONTACT: COMMERCIAL DIRECTOR, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER, MILTON KEYNES MK17 8LX. TEL

Rosalynn Carter flies to Thailand

By David Buchan in Washington

MRS. ROSALYNN CARTER is flying to Thailand today in a show of U.S. Administration concern over the plight of refugees from Cambodia, and *Thailand's growing problems in* coping with the influx.

The White House announced yesterday that Mrs. Carter would be accompanied by the U.S. Surgeon-General, the top U.S. medical officer.

The purpose of her visit *would be "to learn of the needs* of the refugees fleeing Cambodia, look at ways to increase the flow of relief supplies and *food into Cambodia, and report* her findings to the President in order to accelerate effective support for the International *relief programme,"* the White House said.

The announcement of the visit came a day after the U.S. formally pledged at the United Nations a $69m contribution to Cambodian relief, and the Phnom Penh Authorities had disclosed they would allow relief to be shipped up the Mekong River. But they still resist the establishment of "a land bridge" for relief to Cambodia from Thailand.

This is perhaps the most important diplomatic mission yet for Mrs. Carter. She will *visit refugee camps and hold* talks with Gen. Kriangsak Chamanan, the Prime Minister of Thailand.

Reuter adds from the United Nations: Dr. Kurt Waldheim, the UN Secretary-General, said yesterday he was gratified by the response of world governments, which have promised more than $210m in aid for Cambodia.

In Bangkok, it was reported that a three-member UN mission will arrive next week to monitor events along the Thai-*Cambodian border.*

Where the 'blue-water navies' are building up rapidly

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

THERE HAS been a rapid build-up of naval forces off Asia in recent years. The Soviet Union keeps 75 major ships and 105 submarines, over a quarter of *its* growing blue-water navy, in its Pacific Fleet, based in Vladivostok.

China, which still has a mainly costal navy, now has the largest force of fast attack craft in the world. It also has the third-largest submarine fleet.

The U.S. Seventh Fleet, which covers the West Pacific, includes two aircraft carriers, *one based in Japan,* and around 20 major surface combatants. Submarines, auxiliaries and amphibious craft bring the U.S. fleet up to about 50 ships.

U.S. strategy has always attached high priority to having naval superiority off Asia. With the notable exception of South Korea and the notorious one of Vietnam, it sees *its* sphere of interest as bounded by the archipelago running south from Japan, through Taiwan and the Philippines, to Indonesia.

Within this area, the Seventh Fleet's two carrier task forces and its 165 carrier-borne aircraft have long made it a formidable military force. Further, the U.S. can call on its large, if distant, Third Fleet, *in the East Pacific* for reinforcements. This is twice as big as the Seventh Fleet.

However, the Soviet ocean-going fleet has recently been strengthened by the arrival of the Minsk, a 40,000-ton aircraft carrier; of a Kara 2 class guided missile cruiser, and some *Krivak* class guided missile frigates. Western intelligence officials estimate that 105 of the Soviet Union's 325 submarines are deployed with the Pacific Fleet, as are nearly 300 naval aircraft.

The Russians' great problem is reaching the oceans. Japan lies between Vladivostok and the open sea. It is a measure of Soviet determination to end what Churchill once called the pinch on the giant's nostrils that they have been prepared to sacrifice a peace treaty with Japan, rather than *relinquish* claims to various islands off northern Japan between which run straits from the Sea of Japan to the *Pacific.*

In the past five years, the Russians have transferred some facilities north-east, to Petropavlovsk - Kamchatskiy. Like Vladivostok, this is not ice-bound in winter, but it also has direct access to the North Pacific. Soviet strategic submarines are now based there.

The Russians can count on few friendly ports of call nearby, *although they have* been offered limited facilities at Cam Ranh Bay in Vietnam.

U.S. keeps alive its intimate Asian connection

BY DAVID BUCHAN IN WASHINGTON

"*YOU Europeans often forget* the U.S. is a Pacific nation as well as Atlantic," a State Department official commented last week. He could have added that in the immediate wake of Vietnam, many Americans also chose to ignore this geopolitical fact of life.

But the Carter Administration's concerned reaction to the recent dramatic assassination of President Park of South Korea, and in particular its swift warning to North Korea not to try to exploit it with any strong-arm tactics against the south, has served as a reminder that the U.S. still sees many of its strategic interests intimately bound up in Asia.

To a degree, South Korea is special. It is the only place on the Asian mainland where the U.S. still has any sizeable contingent of troops—38,000 of them. The reason they are there is partly historical.

Having helped create in the non-Communist south of the *Korean peninsula* a highly successful independent state and the U.S.'s second biggest Asian trading partner, Washington does not want to see it submerged by or subsumed into the bellicose Communist Government of *President Kim Il Sung.*

In fact North Korea's large armed forces have barely moved a muscle, and there is no *evidence linking North Korea* with the *assassination. President* Kim's Government recently invited a number of U.S. Congressmen to visit the country. Even North Korea's rejection this summer of a U.S.-South Korean initiative for talks was not harsh enough to be taken by Washington as absolutely final.

However, not so long ago North Koreans were discovered tunnelling under the Demilitarised Zone (DMZ) which has separated the two sides since the Korean War. U.S. officials see no Chinese or Soviet interest in rekindling a Korean conflagration, but equally they point out that North Korea could probably *fight quite a long war without* outside help.

By contrast with the consumer-oriented south, North Korea has defence industries that are more or less self-sufficient. North Korea is now spending 20 per cent of its national output on defence. It has built up a war machine that has more men than the south, a two-and-a-half to one advantage in tanks, and more, though not better, aircraft.

In this context the relatively small number of U.S. troops in South Korea are there as a deterrent: *defence in depth is* hardly an option when the capital, Seoul, is only 24 miles from the Demilitarised Zone.

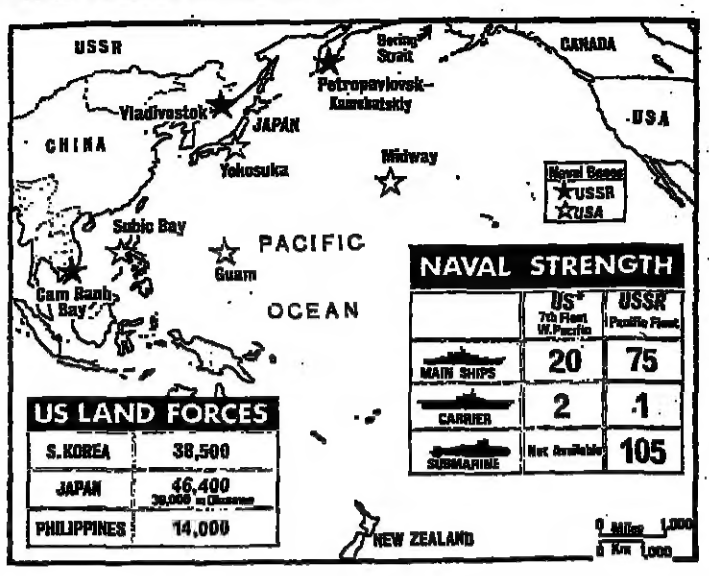
But the number of U.S. troops does matter psychologically.

When U.S. intelligence confirmed this summer that the North Korean army was much bigger than it previously estimated (40 divisions instead of 29), the Carter Administration decided it was politically impossible to continue its plan gradually to pull out 26,000 of its troops.

The decision to freeze the *level* of U.S. troops is to be reviewed at the end of 1981, even though the U.S. may have another President by then. This will be done in the light of the prevailing military balance on the peninsula and of South Korea's military progress by then. The U.S. is now helping the South set up production of the F-5 fighter and to design a new tank.

In view of this considerable U.S. military investment in South Korea, it is inconceivable that Washington will not want to shape the political succession *to President Park,* and in particular to ensure that a new leader does not sow the seeds of *his* own destruction as the authoritarian Mr. Park did.

South Korea also fits into a wider jigsaw of American interests because of its proximity *to Japan,* the *U.S.'s treaty ally,* its largest Asian trading partner and frequently referred to by officials in Washington as "*the cornerstone of U.S. policy* in Asia." Tokyo was deeply anxious about the proposed troop withdrawals from South *Korea, most relieved when* they were frozen in July, and now, like the U.S., a little nervous about South Korea's future path.



US LAND FORCES	
S. KOREA	38,500
JAPAN	46,400 (30,000 in Okinawa)
PHILIPPINES	14,000

NAVAL STRENGTH	US* 7th Fleet W. Pacific	USSR Pacific Fleet
MAIN SHIPS	20	75
CARRIER	2	1
SUBMARINE	Not Available	105

* Excluding Third Fleet (E. Pacific): 67 main ships, 4 carriers

Japan is doing more in its own defence these days, a development welcomed and indeed urged by the U.S., which still affords Japan the protection of its nuclear umbrella. Past U.S. Governments have been irked by Japan's reluctance to spend more than one *per cent* of its gross national product on defence, a ceiling which assumed less and less importance as Japanese GNP continued to soar.

For the moment the 46,000 U.S. *troops* in Japan, most of them in Okinawa, are staying put. Last year Japan bought some advanced F-15 fighters *from* the U.S., but the aircraft specifically did not have the long-range refuelling capability they usually carry. It is still up to the U.S. to provide regional security.

It would thus be out of the question for Japan to plug any gap left by departing U.S. troops from South Korea, which still has bitter memories of occupation in the war.

"U.S. troops are not in Korea solely to defend Japan," a State Department *official adds,* however. It is also held to be in the general U.S. interest to prevent any flare-up in a key *part of the world* where China, the Soviet Union and Japan all converge.

Further south in Indo-China, there is already a raging military competition going on between China and the Soviet Union. There is little the U.S. can do to influence this, and there is almost a temptation in Washington to sit back and watch passively while the rival Communist clients, in Vietnam and Cambodia, together *with* their rival Russian and Chinese patrons, carry on fighting it out.

But for the several reasons *the U.S. cannot be complacent.* The appalling plight of the refugees steadily driven out of Vietnam and of the victims of the fighting in Cambodia is the top concern of the Carter Administration.

Secondly, there is the spill-over from the Indochina conflict to non-Communist neighbours, and in particular the five countries making up the Association of South East Asian Nations (ASEAN): Malaysia, Thailand, Singapore, Indonesia and the Philippines.

All five countries have been strained to one degree or another by the influx of Indo-Chinese refugees and "Boat People" from Vietnam, and the U.S. has increased economic aid and military sales to ASEAN in general.

But much the weakest link in the chain, in Washington's view, is *Thailand,* right on the edge of the fighting and in dire danger of getting sucked in. Thailand is "like an accident waiting to *happen,*" said one U.S. official gloomily last week —adding that if the Vietnamese wanted to take Bangkok, the *Thai army alone could not* stop them.

Thailand has a defence treaty with the U.S. and some ASEAN *leaders like Prime Minister Lee* Kwan Yew of Singapore have inferred from the U.S.'s recent bolstering of South Korea a generally stronger U.S. commitment to its Asian friends.

But officials in Washington caution that, in the U.S. political climate, keeping U.S. troops in a part of Asia where they already are is one thing; re-introducing U.S. forces into Asia is quite another.

Strauss to become chairman of Carter re-election committee

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

MR. ROBERT STRAUSS *is* to resign as President Carter's special Middle East negotiator to become chairman of the *Carter-Mondale re-election* committee.

He may be replaced in the Middle East post by Mr. Sol Linowitz, the Washington lawyer well-versed in foreign affairs who was principal U.S. negotiator on the Panama Canal treaties.

Mr. Strauss has been hinting in the past week that he might switch to a full-time political role. *This is* not so much because of dissatisfaction with the slow pace of the talks between Israel and Egypt or of disagreements with the State Department over the conduct of policy, but because of his belief that President Carter can win *the election.*

Mr. Robert Strauss

Recently, he said in the New York Times that he was under "an awful lot of pressure" *from members of Congress* to become directly involved in politics.

"They say the campaign is *more important* to the U.S. *than* anything else. Even the peace in the Middle East is dependent on Carter," he declared.

[If Mr. Linowitz is appointed to the Middle East post, it is unlikely to denote any change in U.S. policy in that sphere, nor does it imply that the Administration is downgrading the importance of the Egyptian-Israeli dialogue.]

There is a consensus that Mr. Strauss has one of the best political brains in the country. He rebuilt the Democratic Party after Senator George McGovern's landslide defeat in 1972 and, though not initially enamoured *of Mr. Carter as a candidate,* was a key strategist in the 1976 victory.

In the past three years he *has served as the President's* all-purpose political handyman. His nominal titles—*chief* inflation fighter, special trade representative, *Middle East peace* negotiator—disguise the fact that he has had a role in almost every major political issue.

Certainly, the greatest testament to his political effectiveness was Congressional passage of the controversial Trade Bill *this year, with fewer than 10* votes against.

In the campaign it is expected he will operate as chief spokes*man, fund-raiser and general* strategist, capitalising on his flawless contacts with the Democratic establishment.

He would work side by side with Mr. Tim Kraft, the former Presidential appointments secretary, now campaign manager *with responsibility for field* operations, and Mr. Hamilton Jordon, Chief of the White House Staff.

One of the most gregarious of men, Mr. Strauss remains on good terms with Senator Edward Kennedy, who is to announce *his Presidential candidacy* in Boston today.

Bolivia coup leader 'will not resign'

By Robert Lindley

COLONEL Alberto Natusch Busch, who has declared him*self provisional* President of Bolivia, has rejected Parliamentary calls to resign and continued armed attacks on his opponents.

Tanks and aircraft attacks have brought the death toll *among protesting students* and workers to more than 50 and the number of wounded to more *than a hundred.*

The Bolivian Red Cross has made an urgent call to the organisation's international com*mittee to send a delegate to co*ordinate rescue and life-saving operations.

Col. Natusch said in a 90-second statement on the official television and radio network that the armed forces "will not give a single step."

President Walter Guevara Arze, who was deposed last week by Col. Natusch, is still in hiding. He said he had no intention of resigning.

Reuter adds from San Salvador: The Marxist Popular Revolutionary Bloc and the civilian-military junta have *begun negotiations* for the release of three El Salvador Government ministers held hostage for 13 days.

In Caracas, a 10-year-old boy was killed and two policemen and two youths were wounded in fighting between demon*strators* and Venezuelan security forces on Monday.

Police have had running street battles with demonstra*tors in* Caracas since October 25, when violence broke out during a march by workers and students demanding an increase *in the minimum* wage.

Senate approves ban on foreign bank acquisitions

BY STEWART FLEMING IN NEW YORK

THE U.S. Senate has approved a proposal by Senator H. John Heinz III providing for a six-month moratorium on U.S. banks being acquired by foreign banks.

The proposal cleared the Senate on Friday last week without publicity, having been slipped into proposed legisla*tion aimed at phasing* out Regulation Q interest rate ceilings on bank deposits.

The proposal is a long way *from* becoming law, *since there* is no similar legislation in the House of Representatives. There is doubt about whether such a provision would be approved, or whether the conference between the House and Senate on the provisions of the Interest Rate Ceiling Bill will accept the moratorium clause.

On the other hand, the fact that the Senate approved the clause *is further evidence* of Congressional unease about the wave of bank takeovers *in the* U.S., which reflects in part the concerns of sections of U.S. banking.

The atmosphere surrounding acquisitions by foreign banks will lead to federal regulatory agencies examining applications *to take over* U.S. banks particularly closely. At present, one major acquisition, the Hong Kong and Shanghai Banking *Corporation's bid for control of* Marine Midland Bank *of* New York, has still to receive final approval.

'Overcharging' accusation against oil companies

BY IAN HARGREAVES IN NEW YORK

THE U.S. oil industry, already under vigorous attack after the announcement of big increases in third-quarter profits, is to *face* charges that customers were overcharged more than $1bn between 1973 and 1976. Details of the alleged overcharging are expected to be released in the next few days by the U.S. Energy Department.

They stem from the accusation that the nine oil companies involved fed into their retail prices during the period in *question certain non-allowable* costs, such as the costs of anti-pollution equipment.

It is also possible that in the next few weeks more charges will be brought by the Energy Department concerning the 1973-76 period, when the industry was supposed to be acting under the terms of price control legislation.

Of the nine companies, Mobil is accused of the most serious overcharging, with an alleged irregularity of $270m. The Government will seek repayment of the sums involved to customers.

The oil industry, however, scored a victory on a different matter, when an appeal court judge refused to block the Interior Department's proposed sale of oil exploration leases for George's Bank, off Massachusetts.

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Mexican Government favours GATT membership

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government has publicly declared itself in favour of joining GATT (the General Agreement of Tariff and Trade). And it has asked all the country's private sector and state organisations to communicate their views on the subject so that a final decision can be taken before May 31, 1980, the deadline set by GATT in agreement with Mexico.

This was announced by Sr. Jorge de la Vega Dominguez, the Trade Minister. Sr. Dominguez also made public the working and protocol documents on Mexico's possible GATT entry which would give Mexico 12 years to bring its protectionist trade policy into line with GATT.

These documents conclude the discussions on Mexico's entry. It is now a matter for the Mexican Government to persuade the reticent private sector of the merits of joining. The private sector, particularly the manufacturing industries, have been campaigning against joining, arguing that membership will harm the country's development and put companies out of business. There has, however, been a noticeable softening of their criticism in the past months.

The Government has generally been in favour of joining for some time, though it has been careful to couch its language to take all points of view into consideration. But it is now adopting a more open and favourable line.

The Trade Minister said that he personally felt that GATT membership would be a positive development—"not only thinking of the near future, but in the long term." He was careful to emphasise that membership would not mean a change in the Government's policies, particularly its present conservative approach towards selling the country's immense oil reserves. He also indicated that not all import licences would disappear.

GATT membership, he predicted, would stimulate industry to be more efficient and more competitive.

President Jose Lopez Portillo, who privately has long been in favour of Mexico joining GATT, believes that membership is part and parcel of his Government's determination that Mexico will not become just an oil exporting country.

U.S. to adjust Japan TV duties

WASHINGTON—The United States Customs Services has issued a series of legal rulings that could lead to a substantial reduction in the penalty duties assessed earlier on imports of Japanese-made colour television receivers.

But there's no end in sight for a long and controversial dispute between the U.S. and Japan about how much U.S. importers and Japanese TV set makers eventually may have to pay in anti-dumping duties on colour TV receivers shipped to the U.S. market since 1971.

A U.S. official said that, despite the efforts of the Customs Service to make final determinations on the millions of dollars in penalty duties on imports of Japanese TV sets during the past eight years, the entire matter would be shifted to the U.S. Commerce Department on January 1, 1980.

This will be done in line with President Carter's trade reorganisation plan that will make the Commerce Department, rather than Customs and the Treasury Department, responsible for handling Anti-dumping Act and countervailing duty cases. It is now expected that the U.S. Congress will approve the reorganisation plan.

What the Customs Services has decided so far, with regard to the protests by U.S. importers and Japanese manufacturers is that the $46m assessed thus far against the imports, during the period up to about mid-1973, were too high, because the U.S. agency had failed to allow for certain price adjustments for sets sold in the Japanese home market.

Generally, the U.S. Customs Service has used a Japanese "commodity tax" on TV receivers sold in Japan as one been "dumped" at unfairly low of its key criteria in determining whether similar sets exported to the U.S. market have prices, below the Japanese home market price for the same type of sets.

Japanese TV set makers argue that the U.S. has been going about the task of assessing the penalty duties on the colour TV receivers from Japan in entirely the wrong way—by applying its calculations of the Japanese "home market" price for colour TV sets to a Japanese Government "commodity tax" system.

U.S. Treasury and Customs officials, having conceded that some adjustments will be required in the previously-assessed penalty duties, still do not know how much the $46m total claimed on the sets imported up to mid-1973 actually will be scaled down.

AP-DJ

American orders for Fokker

By Charles Batchelor in Amsterdam

THE DUTCH aircraft manufacturer, Fokker, said it has sold five 85-seat F-28 fan jets to two U.S. commuter airlines. Options on another six have also been signed. Altair Airlines has ordered three F-28s and taken options on a further six while Empire Airways has ordered two.

Both contracts depend on the airlines raising the financing for the aircraft but this should be completed before the end of the year, a Fokker spokesman said.

The value of the orders, excluding the options is at least $45m plus spares and extras. The aircraft are expected to come into use next year.

These sales represent the opening up of a potentially sizeable market for Fokker following the coming into force in the U.S. of the airline Deregulation Act. This has raised the limits on the size of aircraft that may be operated by commuter airlines. In June Fokker sold its first F-27 turboprop to a U.S. airline. Swift Airlines ordered three of the Mark 600 version for its commuter routes in California.

Including the five aircraft now ordered sales of the F-28, since its introduction, total 151. Sales of the F-27 are approaching 700

Whisky exports fall but price rises boost overall earnings

BY CHRISTOPHER PARKES

THE SLIDE in Scotch whisky exports accelerated in September and is expected to have speeded up still further through last month because of the strikes which hit most of Distillers' (DCL) operations in October.

Total shipments fell 12 per cent by volume during the month and 6 per cent in value, according to Wood MacKenzie, the stockbroking company. Volume sales abroad for the first nine months of the year were down 5 per cent.

Losses in volume sales abroad have been compensated for, to some extent, by higher earnings. Exports of bottled blends, which account for about 70 per cent of shipments, fell 3 per cent between January and the end of September, but higher prices brought the value of these sales up 7 per cent.

Exports of bulk blend, about 20 per cent of total sales, slipped 10 per cent in volume and fell 4 per cent in value.

Income from malt whisky sold in bulk to overseas markets, mainly for mixing with local spirits, rose 13 per cent, while volume sales were 9 per cent lower.

Only bottled malt and grain whiskys, accounting for 2 per cent of all export sales, went against the general trend. Malt exports jumped 40 per cent in volume and 58 per cent in value. The quantity of grain spirit rose 26 per cent, and income was up 40 per cent.

Overall, in spite of the loss of volume, earnings from Scotch exports in the period were up 8 per cent at about £500m.

Overseas buyers started the year with exceptionally heavy stocks, which accounted, along with the transport strikes, for greatly reduced exports earlier

Cyprus expands communications

BY A SPECIAL CORRESPONDENT

CYPRUS will spend $170m (£82m) between 1980 and 1983 to develop communications in the south.

The investments will double the island's international telephone and telex exchange capacity and treble the berthing and storage capacity of harbours on the south coast.

The projects, all aimed at boosting trade with the Middle East and Europe, include:

● A $11m satellite earth station, being built near Nicosia by ITT of the U.S. The station will open next March. This is a joint venture between the State-owned Cyprus Telecommunication Authority (CYTA), the Cyprus Broadcasting Corporation and Cyprus Airways.

● A $40m submarine telephone cable between the south coast and Athens. The 680 nautical miles cable will be paid for by CYTA and Greece's State-owned Hellenic Telecommunications Company (OTE) (50 per cent each). Tenders will be called in mid-November.

● A $45m port development plan for Limassol and Larnaca, on the south coast. The Cyprus ports authority (CPA), a semi-public company, signed in May a $17m contract with Archirodon of Greece to carry out the first phase.

● A $34m port at Paphos, on the south west coast. Tenders will be called in February.

● A 54 mile four-lane highway between Nicosia and Limassol, which is expected to be ready by 1982. The highway is being built by the Greek construction company Xecte

Occidental in Bulgaria accord

SOFIA—Occidental Petroleum of the U.S. and Bulgarian foreign trade organisations have signed a protocol on economic, industrial and technical co-operation for a 10-year period.

The co-operation protocol is envisaged as including design and construction of industrial plants and reconstruction and modernisation of existing Bulgarian chemical works, an official report said.

The U.S. company and the Bulgarian state-run enterprises are scheduled to co-operate in developing processes for liquifying lignite and coal and do joint research into ores and minerals. It also provides for co-operation in research, production and trade in crude oil and petrochemical products in Third World countries.

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PAL to resume full flights soon

PHILIPPINE AIRLINES (PAL) expects to resume full domestic services on November 15 following faster delivery of spare parts by British suppliers, Daniel Nelson writes from Manila. A spokesman said yesterday that British Aerospace had given "the highest co-operation" to PAL's attempts to get deliveries speeded up.

Selincourt in joint textile venture talks with China

BY RHYS DAVID

A TEAM from Selincourt, the UK textiles and clothing group, has begun detailed negotiations in Peking with Chinese officials on the establishment of factories to manufacture pile fabrics and curtain nets in China.

The visit follows an approach earlier this year to Selincourt through the London export group's technical projects division which arranged meetings between the company and Chinese officials in London.

The team, headed by Mr. Denis Pick, group managing director of Selincourt is now hoping to find out the scope of the projects which the Chinese have in mind. The company has set a target of £15m as the minimum size of deal it would like to achieve, and would consider worthwhile.

The proposals as they have emerged from the talks so far are for Selincourt to supply technology, management services, and production methods to enable new Chinese factories to produce marketable products exclusively to Selincourt's design and quality for export markets, including the U.S. and South America.

The company stressed yesterday that none of the products was expected to enter EEC markets, while Selincourt's own expansion plans in the UK would be unaffected. Selincourt would be responsible for selling the finished goods and has chosen North and South America as possible markets because of the difficulties of competing on price in these markets using goods produced in Europe. The much cheaper production costs in China are expected to make it possible to surmount tariff barriers and still remain competitive.

Selincourt, which employs around 4,500 in the UK and France, is one of the leading manufacturers of curtain nets, trading under the name Filigree. Its J. H. Walker subsidiary makes pile fabrics which are used in clothing, furnishings, blankets, car seat fabrics and toys.

The company said yesterday that British textile machinery manufacturers would be included on the list of potential suppliers to the factories now planned with the Chinese.

Swiss fabric sales climb

BY JOHN WICKS IN ZURICH

THE MORE stable exchange rates in Europe are largely responsible for the improvement of business currently being experienced by the Swiss textile industry. According to Industrieverband Textil, the trade association, some 45 per cent of all orders received so far this year have come from abroad, compared with a 1975 share of only about 33 per cent.

There has been a marked rise in total orders placed with spinning mills, which were higher by 45 per cent in the third quarter of 1979 than for the corresponding period of last year. The new-order level booked by weavers was "satisfactory," exceeding that of the third quarter of 1978 by 5 per cent but slightly below current production. Orders on hand have risen by as much as 60 per cent in spinning plants and 10 per cent for weavers with prices keeping up with volume.

Improved production and stable prices have meant that turnover in the industry was some 12 per cent higher in July-September, 1979, than in the same three months last year. The Industrieverband Textil expects this trend to continue into 1980.

Meanwhile, the Swiss clothing industry has been successful in reversing the downward trend in its export sales. According to the Swiss Clothing Industry Association, third-quarter exports were up to SwFr 150m (£44.1m), as compared with SwFr 140.5m for the corresponding 1978 period.

Italy delays Boeing credit

ROME — The Italian Government has postponed a decision over whether to grant state export credits to help finance sales of the Boeing 767 jet aircraft.

Boeing has asked Italy to provide 5 per cent of loans to foreign buyers because Aeritalia, the state-owned aircraft manufacturer, has a 5 per cent stake in the new aircraft. But the proposed credits have drawn criticism from the Italian media, which has accused the Government of giving Boeing a "present."

Italy's share of the loans are estimated to total between L175bn and L350bn (£204.3m). Italian Government officials defended plans to extend the loans and said the step was a necessary part of a contract that is providing jobs for several thousand Italian workers in construction of the medium-range aeroplane.

The Council of Ministers' Committee on Foreign Business considered the matter earlier this week but did not take any action. The loans would be normal export credits, which carry low interest rates and are issued by Government agencies.

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U.S. plutonium for fast breeder tests

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is to receive the first export of plutonium authorised by the U.S. Government since it introduced its Non-Proliferation Act last year.

The shipment, in the form of fuel pins containing about 34 pounds of plutonium, is coming to Britain next year. It will be used in an Anglo-American experiment on the safety of fast breeder reactors.

The exchange of plutonium was authorised by the White House, after more than two years of talks between the UK Atomic Energy Authority and the U.S. Department of Energy.

The agreement to carry out the experiment was signed in London on Monday, by officials of the UK Atomic Energy Authority and Dr. Charles Williams, the U.S. Department of Energy official responsible for nuclear policy.

Under its terms the U.S. fuel pins will be irradiated in the 250 MW prototype fast reactor at Dounreay, Scotland. The U.S. has no fast reactor facility on this scale available for fuel testing.

The aim of the experiment is to demonstrate how commercial-size fast reactors might be built more cheaply without reducing safety factors.

The irradiated fuel will be shipped back to the U.S. by the U.S. Government, for further treatment in a major experimental facility at Idaho Falls. The facility, known as Treat (transient reactor test facility), will expose the irradiated fuel to operating conditions violent enough to make it burst. Britain has no such facility. The two teams' fast reactor designers hope to demonstrate that even if the fuel bursts, releasing fuel and radioactive gases into the molten sodium coolant of a fast reactor, it will not damage the reactor.

The fuel pins have already been fabricated, but on arrival in Britain must be fabricated into assemblies suitable for loading into the Dounreay reactor.

Dr. Tom Marsham, managing director of the UK AEA's northern division, which operates Dounreay, said last night that the agreement was "very good value for us." The authority had other ideas for collaborative experiments with the U.S. Government.

The agreement is for each party to pick up the costs incurred on its own side. No cash transfers are expected.

Plant makers urged to develop technology for new markets

BY JAMES McDONALD

PLANT SUPPLIERS will have to put extra effort into technical development, both on their own and with customers, says a National Economic Development Office report on prospects for UK process plant manufacturers [illegible]

The study of prospects in the aluminium smelting, chemicals and electricity supply industries, concludes that large amounts of new process plant and equipment will be bought over the next 20 years. But British suppliers will have to accept [illegible] if they [illegible] increase their market [illegible]

Many British process plant manufacturers now have fewer orders says the study. A principal reason is said to be competition from overseas, including developing countries whose lower wage and materials costs mean lower prices.

One way forward for the industry is to improve its products, introducing higher tech[illegible] process development [illegible] technology and [illegible] for plant suppliers. [illegible] concludes that biological processes in the chemicals industry will become more widespread and that coal conversion will grow in importance as oil production falls off.

Nuclear fuel reprocessing and storage of active wastes, including the new vitrification process, will pose particular challenges. Nuclear power generation will see the introduction of two new processes — the pressurised water reactor and the fast reactor.

In the energy sector conservation will become a central principle of all plant design and stages in aluminium production, such as smelting and re-rolling, will be reduced to conserve energy.

Nuclear electricity generation will also be adopted on a growing scale although coal-fired plant will probably be needed and renewable energy sources, such as wind and wave power, will come into use.

On technology, the study concludes that plant size has reached a practical limit in many sectors. Construction on sites will give way to construction in factories in many areas to avoid delays on site.

Heavier items of plant of up to 2,000 tonnes will be demanded. Many will have to be moved by water. In-service inspection and maintenance will be a major requirement, particularly in the nuclear industry. Environmental protection will become a prime need and automatic control will increase, for complete processes and individual plant items.

More enlightened customers are likely to show a sympathetic attitude towards "terotechnology," involving the assessment of total life costs when investment decisions are made, says the study. Savings from low maintenance costs and high reliability may outweigh higher initial costs.

The study says: "In the same context and with the emphasis on safety, customers are likely to continue to emphasise the need for comprehensive documentation relating to operation and maintenance of plant and equipment. This implies continuing close contact between supplier and customer."

"Technology Prospects in the Process Industries." Nedo Books, 1 Steel House, 11 Tothill Street, London, SW1. £2.50 or £2.68 postage paid.

Currys to set up computer company

CURRYS, the UK's largest electrical retail chain, is to invest several million pounds in establishing a subsidiary company to market small computers and provide computer programmes.

The subsidiary, which will begin operations next year, expects to open 30 to 40 outlets in 1980, mainly in Currys' premises.

In its first year it aims to take 10 per cent of the domestic market, reckoned to be worth about £100m, increasing its share to 15 to 20 per cent in a market forecast at nearly £500m by 1985. The company believes the domestic market will account for some 25 per cent of sales overall, with microcomputers coming in to complement video and hi-fi equipment.

The prime markets for mini and microcomputers are small to medium-size businesses and industries, commercial and educational outlets and professional practices.

The new company's managing director will be Mr. Derek Moon, a former managing director of GEC's domestic appliance division. The commercial director will be Mr. Robert Webb, formerly computer division vice-president of the U.S. company Commodore International.

Mr. Terry Curry, Currys' joint managing director, said yesterday: "We are committed to making the microsystems business a vital cornerstone in our development plans for the future and we aim to dominate this segment of the market."

Rubella vaccine recalled

Two batches of vaccine issued for vaccination against Rubella (German measles) were below standard and are being recalled, the Department of Health said yesterday.

"Doctors who may have used any should contact their patients for revaccination," the Ministry said. "But any woman who is concerned whether she is immune to Rubella because she intends to start a pregnancy is advised to see her doctor."

Ladbroke employee tells of director's 'admission'

BY JAMES BARTHOLOMEW

MR. JOHN MORRIS, a director of Ladup, Ladbroke's main casino subsidiary, admitted in a conversation with a Ladbroke employee that the company had broken the gaming laws, it was said at Knightsbridge Crown Court yesterday.

On the second day of the rehearsing of Ladbroke's application for renewal of four casino club licences, Mrs. Janet Ballard, personal assistant to Mr. Cyril Stein, chairman of Ladbroke, described a conversation she had with Mr. Morriss some time before September 1978, after police investigation into Ladbroke and publicity about its affairs.

She had asked Mr. Morriss how serious the whole affair was, she said. He had replied that "It was pretty serious. They had been doing things in relation to car numbers etc., contravening the gaming laws. They had done it. They had to face the music."

"And I asked him about Mr. Stein and he said he knew all about it and he would have to face the music," said Mrs. Ballard.

Earlier in her evidence Mrs. Ballard said Mr. Stein was "very much a working chairman" and took particular interest in the casino division because it was the most profitable.

"He virtually ran it himself," she said.

She told of two occasions on which she had been asked to shred papers. She said that in July 1978, Mr. Alex Alexander, head of th ecasino division, had asked her quickly to shred three sackfuls of papers which he sent round with his chauffeur.

On a separate occasion, she said, just after police had raided one of Ladbroke's offices, Mr. Stein had ordered the shredding of documents in the casino file in her office.

Operators of the police computer terminal in Nottingham, witnesses for the police earlier in the day, said that they had been asked to supply the names and addresses of owners of groups of high-class cars from the police computer.

They said that this was unusual. Amon gthe owners in these groups were the Saudi Arabian Embassy and the Playboy Club, they said.

Mrs. Gillian Savage, a former employee of Ladbroke, said that that when she worked in Ladbroke's Leicester office, she received lists of car numbers from London.

She said she was told that people were being employed to observe rival casinos and note the numbers of cars.

She was told that Mr. Widowson, for whom she was working, knew a police officer who lived in Nottingham to whom he sent the numbers, she said. The police officer obtained the names and addresses from the police computer, he told her.

Miss Jan Domanska, a former marketing assistant at Ladup, said that she and colleagues in the marketing department were given lists of names obtained from car registration numbers by the marketing controller Mr. Andreas Christensen. The people named would be sent flowers or champagne or other gifts and invited to a complimentary meal or a cocktail party at one of the casions.

When Mr. Andreas Christensen left, Mr. Gordon Irvine, marketing director took over, said Miss Domanska. "He then gave up the lists instead of Christensen."

At the outset of the hearing, Mr. Michael Kempster QC, for the police, withdrew the suggestion he had made on Monday that Ladbroke had acted improperly in trying to put pressure on the court about its composition. He acknowledged that a letter sent to the court adminstration had been instigated by Ladbroke's legal advisers and not by Ladbroke itself.

The hearing was adjourned until today.

Ulster TV franchise challenged

BY OUR BELFAST CORRESPONDENT

A GROUP OF 40 Ulster-born personalities drawn from industry, the arts and various professions is to challenge Ulster Television for the independent television franchise in Northern Ireland.

A new company called Northern Ireland Independent Television has been formed to apply for the contract when it is put out to tender by the Independent Broadcasting Authority at the end of next year.

It is chaired by Lord Dunleath, who resigned from the moderate Alliance Party to head the consortium. Mr. Liam McCormick, a distinguished Ulster architect, is vice-chairman.

Among the backers are Mr. Denis Lamont, vice-chairman of the CBI in Ulster, Mr. Charles Monteith, of Faber and Faber, the Marchioness of Dufferin and Ava, Mr. James Galway, the flautist, Miss Mary Peters, the Olympic gold medallist, and Mr. Derek Bailey, a former Ulster Television director, who is chief executive designate of the new company.

Several fulltime trade union officials are included but they will not become shareholders in the venture.

Lord Dunleath said much preparation would take place over the next five months to prove to the IBA that the project was a viable one and not frivolous.

"The new company would try to maximise the material there is in Northern Ireland. I would hope we could make more programmes of a higher standard which would be acceptable to the network and which would show something of Northern Ireland that people in the rest of Britain do not see at present," he said.

Ulster Television has held the regional franchise since 1959 and was not opposed when it was last renewed in 1968. It said it would resist the new challenge forcefully.

Applications to the IBA will be published by mid-summer to give the public an opportunity to study the proposals and a public hearing will be held in Belfast before the contract is awarded.

● Invitations to viewers to express an opinion on Independent Television are to be screened on ITV throughout Britain from today as part of a three week campaign by the Independent Broadcasting Authority to consult public opinion before awarding the new ITV contracts in 1981.

Deloitte partner defends circular

A PARTNER of Deloitte and Company, the city accountants, told the High Court yesterday that he did not think it necessary to give details of asset valuations when preparing a circular for Newman Industries in 1975.

The court was hearing evidence from Mr. Peter Cooper, a partner in Deloitte and Company, which was responsible for making an independent valuation of assets and liabilities sold by Thomas Poole and Gladstone China (TPG) to Newman in 1975.

The Preudential, a minority shareholder in Newman at the time, alleges that the circular informing shareholders of the proposed sale was misleading. It is also claiming damages from Mr. Alan Bartlett and Mr. John Knox Laughton, respectively chairman and vice-chairman of Newman and TPG, for conspiracy and breach of duty.

Mr. Cooper told the court that he had not thought it necessary to itemise in the circular the value of TPG's stakes in four associate companies.

A composite value of around £1m was attributed to the holdings. Mr. Cooper said the whole basis of valuation had little regard to the quoted value of the shares. It would, therefore, have been necessary to explain at some length the difference between the quotd and attributed values, he added. Mr. Cooper has now completed his evidence in chief.

The action has been adjourned for up to a fortnight to allow one of the counsel involved to meet a prior commitment.

Road haulage permits for EEC

The EEC Council of Transport Ministers will next month consider a proposal to increase the size of the Community quota for road haulage permits. The Department of Transport yesterday announced that extra permits will be allocated to UK operators, who surrender the most French and/or West German general quota permits.

TSB to advance loans for housing

BY TIM DICKSON

THE Trustee Savings Banks yesterday announced their entry into mortgage lending. Applications for the first advances start today in the South East.

In the first year of operation the TSB group plans to lend about £166m on mortgages. This is expected to rise to about £250m by November 1981.

Mortgages are not completely new to the TSB—the Birmingham Municipal TSB has been offering them for many years, while pilot schemes have more recently been running in the Channel Isles and the Isle of Man.

The sums involved are small by building society standards—their advances are running at about £750m a month—but the TSB move represents a further step in its development of a full range of banking services.

Base rule

Mr. Tom Bryans, chief general manager of the TSB, said yesterday: "Our main objective is to provide an additional service which will help to meet some of the increasing demand for mortgages."

One of the most interesting features of the TSB mortgages is the rate of interest to be charged. Unlike the commercial banks, which normally link their home loans to bank base rate, the TSB is introducing its own mortgage rate. It will be influenced by market interest rates, but it will only be changed periodically and not necessarily in line with Minimum Lending Rate.

Mr. Bryans said: "We consider that bank base lending rate is too unstable for mortgage purposes because we feel that customers will require a less volatile rate."

Initially the TSB mortgage rate has been fixed at 13¼ per cent, but according to Mr. Bryans branch managers in the TSB's 18 regional banks will operate within a range from 1 per cent below to 2.5 per cent above the base. This is to "accommodate portfolio requirements, individual customer circumstances and all relevant risk factors."

Maximum

The TSB emphasises that even in exceptional circumstances where it may be necessary to charge the highest rate, it will be competitive with other banks. Lloyds, for example, charges 3 per cent over base rate, which is currently 14 per cent. Building societies currently charge 11¾ per cent on mortgage advances, although this will go up to 12¾ per cent on January 1. The rate is generally higher when big sums are involved.

Other features of TSB mortgages include a maximum limit of £30,000 on individual advances; repayment terms of up to 25 years (or by age 65 if sooner); advances limited to 90 per cent of valuation, of purchase price, if lower; repayment either by the annuity method or through an endowment policy.

Mortgage shortfall continues despite record lending

BY MICHAEL CASSELL

BUILDING SOCIETIES are still falling well short of meeting demand for home loans—despite record levels of mortgage lending—according to the Building Societies Association.

It confirmed yesterday that member societies this year expect to advance a record £8.8bn, against £8.7bn in 1978. But because of house price increases, the number of mortgages is expected to fall to 711,000 compared with 802,000 last year.

Earlier estimates by the association had suggested that advances would reach only £8.6bn, involving 673,000 loans. But these have been increased with the better-than-expected improvement in net receipts.

The association, whose members are due to raise the mortgage rate to a record 12¾ per cent in January following the August increases in investors' rates, said that societies are "a very long way from meeting mortgage demand."

The societies' inability to provide sufficient mortgage finance was reflected in the long queues for home loans and falling advances in relation to purchase prices. It was also demonstrated in the need for home buyers to finance part of any purchase from alternative and much more expensive sources.

The association estimates that mortgage demand is currently running near to £1.1bn a month compared with the present lending level of about £750m monthly. To meet demand net monthly receipts would have to be more than £550m a month. Although this figure could well have been breached in October because of tax rebates, the present trend is about £300m to £350m a month.

A fairly substantial reduction in competing interest rates would be needed, say the societies, to attract the required level of funds.

An association spokesman said: "A major feature of the behaviour of the housing market over the past 18 months has been that purchasers have been finding an ever-increasing share of ever-rising purchase prices either from their own resources or from institutions other than building societies."

While average prices rose by just over 45 per cent between April, 1978, and August, 1979, the average mortgage advance rose by just under 20 per cent. As a result, the average percentage advance fell from 67 per cent to a little over 55 per cent.

This decline is due in part to existing house owners accumulating a larger equity stake to put into their next home. Those, such as first-time buyers, requiring money on top of their mortgage may have taken out topping-up loans or received money from relatives.

The association also points out that there has been a big expansion in bank lending for house purchase, with the banks probably accounting for 15 per cent of the increase in mortgage debt recorded during the quarter which ended in mid-August.

It believes, too, that substantial volumes of cash are increasingly being released on the sale of properties owned by the older generation.

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Public sector set for one of worst years

FINANCIAL TIMES REPORTER

THIS YEAR'S public sector housing programme looks set to be one of the worst on record.

Figures from the Department of the Environment show that only 6,500 public sector homes were started in September against 7,100 in the previous month and 8,500 in September, 1978. This is the lowest monthly figure this year.

With only 61,300 public sector starts in the first nine months it now seems unlikely that the new construction programme will have resulted in many more than 80,000 starts this year.

Such a final total would compare with the 107,000 last year and confirm the steady and continuing decline of public sector housing work since the peak of 174,000 in 1975.

The signs are that there will be no improvement in the public sector programme in the foreseeable future and only last week the Government confirmed that the low annual rate of approvals—now running at about 45,000—is to be maintained. The rest of the public sector programme will be made up by housing association projects.

Public sector completions in September reached 8,400, an increase on the August total of 7,500, but nearly 2,000 lower than in the same month last year. With just over 70,000 completions achieved in the first nine months of this year, the 1979 total is expected to be under 100,000 against earlier expectations of 110,000 and compared with the 1978 total of 131,000.

In the private sector, where starts reached 14,700 in September against 11,100 in the previous month, the annual total is thought likely to be in the region of 135,000-140,000 against 157,000 in 1978, the highest annual figure since 1973.

Private sector completions totalled 11,200 in September against 9,000 in August. But there are doubts about whether the widely-predicted total of 140,000 completions for 1979 will be met. Only 93,000 homes were finished by the end of September.

Rolls-Royce bid to cut delays

ROLLS-ROYCE has started "operation catch-up" to try to put its civil and military aero-engine programmes back on schedule after the delays caused by the recent engineering strikes.

Development of the RB-211 Dash 535 engine for the Boeing 757 airliner is regarded as the most critical programme by the management. It is eight weeks behind.

At the Industrial and Marine Division, the Tyne engine programme for the Netherlands Navy is months behind schedule. This is partly because of a shortage of parts from subconstractors.

Mr. Bert Beattie, the division's general manager, says it will get only about three-quarters of the Avon engines it needs this year.

Deliveries from Bristol of the RB-199 military engine for the European Tornado combat aircraft will be in arrears until the end of next year.

Although an article in the latest issue of Rolls-Royce News, the company's staff newspaper, points out that there has been a good response to management appeals for extra effort to catch up on the delays, it stresses that there is no room for further slippages.

The Dash 535 engine programme is "as tight as a drum," according to Mr. Trevor Salt, operations director of the Aero Division. Although delivery is not due until September, 1981, Rolls-Royce admits the schedule will be tough to meet.

"We certainly need to plug in every hour we can until we are back on programme," Mr. Salt says. "We have created productivity schemes to encourage higher output. Now we want everyone to grasp the opportunities these offer."

Among Rolls-Royce's problems is that many of its subcontractors and component suppliers have been slow to respond to its demands in the past year for increased production as new engine programmes have got under way.

This, and the fact that most UK companies capable of producing aero-engine parts are already fully committed to Rolls-Royce, has resulted in the company having to subcontract work to companies abroad.

One result of the delays to aeroengine programmes is that the Rolls-Royce management has been obliged to discuss revised deliveries with its main customers, Lockheed and Boeing.

Vauxhall will import Astras

By Kenneth Gooding, Motor Industry Correspondent

VAUXHALL MOTORS is to sell its own version of General Motors front-wheel-drive "world car" and call it the Astra. The cars will be built by Opel, another GM subsidiary, in West Germany, and basically be rebadged versions of the Opel Kadette.

At present there seem to be no plans to assemble Astras in the UK even though Vauxhall apparently expects to capture well over 1 per cent of the market with the car.

The Astra will go on sale next April and be priced at around £4,000, matching the price of the top-of-the-range Chevettes and the bottom end of the Cavalier range.

Only two, relatively up-market and expensive versions will be brought to the UK—a five-door hatchback and a five-door estate car.

This is to avoid conflict with the Chevette with which many Opel Kadette models overlap. In West Germany the new Opel Kadette replaced the rear-wheel-drive T-car design on which both the former Kadette and the Chevette were based. Vauxhall intends to continue Chevette output "well into the 1980s."

Lancia automatic on sale

LANCIA'S NEW three-speed automatic transmission developed in association with Automotive Products of the UK goes on sale in Britain today as a £455 option on the Beta range.

Lancia, the Fiat subsidiary responsible for the group's up-market cars, expects automatic Betas to account for about 20 per cent of the cars it will sell for total sales of all models in 1980 is around 15,000. in the UK next year. Its target

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The company claims that in spite of being fitted to a car with front-wheel-drive and an engine mounted transversly, the new transmission is nearly as light and as compact as the manual version.

The transmission is the first of its type to be built in Italy and is assembled at Lancia's Verrone plant, opened in 1974 and which has a section specifically for production of the automatic transmission.

House grant system 'needs overhaul'

FINANCIAL TIMES REPORTER

THE HOUSE improvement grant system is in urgent need of a complete overhaul, says a report published today by the National Home Improvement Council.

The report, which points out that the number of conversion, improvement, intermediate and special grants has been falling every year since 1974, calls for changes in the statutory framework of grant aid, changes in the way in which local authorities operate their improvement schemes and increases in the amounts of aid per grant.

The number of private grants paid in 1978 in England and Wales reached only 58,000 against 217,000 in 1974. The council's report reveals considerable variations between authorities in the way they exercise their discretion over the provision of grant aid.

Some authorities, it claims, make it harder to obtain a grant than others and the amount of grant-aided improvement carried out does not necessarily relate to the amount of sub-standard stock in need of improvement.

Allocations

The council's document suggests that those authorities with the worst housing problems generally receive the lowest proportionate allocations of cash for improvement under the housing investment programme. Those with the least sub-standard stock receive the most cash and make the greatest number of grants in relation to the amount of housing which requires attention.

A code of practice is called for, to be formulated with the local authority associations in order to help councils improve the consistency and implementation of the grant aid scheme.

It also suggests regular local liaison and consultation between all the bodies involved in the improvement programme, including contractors and building societies.

The cost effectiveness of improvement requires detailed investigation at local and national levels, according to the NHIC, and future HIP cash allocations for improvement should relate to the scale of an authority's housing problem.

The report adds: "None of the recommendations will be effective unless the overall system of improvement grant aid is overhauled and the actual amount of aid is increased in relation to cost of work."

Scrap dealers 'optimistic'

SCRAP MERCHANTS are "cautiously optimistic" about future trade. Mr. Tony Bird, president of the British Scrap Federation, said yesterday.

"They find that the current situation is not nearly as bad as they feared," he said.

The value of exports for the first nine months of the year was £50m, compared with £44m for the same period last year. However, the volume of exports for the first nine months fell by 18 per cent — to 937,000 tonnes.

The federation said exports had soared since restrictions were removed for a six-month trial period at the beginning of September by Mr. Michael Marshall, Parliamentary Under Secretary at the Trade Department. Home consumers were not able to absorb the output of processed scrap.

Third World 'chief hope' for coal finds

IF THE annual growth in coal production remains at 3 per cent, world supplies will last only about 100 years unless more resources are discovered, says Dr. Bernardo Grossling, natural resources adviser to the Inter-American Development Bank, in his new report World Coal Resources, published by the Financial Times.

The chief hope for new coal discoveries, says Dr. Grossling, is in South America and Africa. More than 70 per cent of world coal production takes place in developed economies.

Small Business Bureau to expand its services

BY JAMES McDONALD

THE SMALL Business Bureau, is to expand its services, it was announced in London yesterday. It has about 5,000 members.

It plans to appoint six regional executives to open the way for the development of an advisory service to help its 5,000 members to understand the activities of Government and advise on problems.

Mrs. Ava Westrip has been appointed research executive to the bureau, responsible for coordinating the new advisory service.

Other activities are to be strengthened. The monthly newspaper "Small Business" is to be enlarged.

Any member will be able to obtain on request help with a problem with Government activity, or an explanation of new or existing Government measures.

The advisory service will provide members with contacts, addresses and telephone numbers of people who will be able to help and advise on business problems.

Farmers 'must protect wild life'

BY ELAINE WILLIAMS

FARMERS WHO wish to reclaim land for agricultural use should be forced by law to protect wildlife and country landscapes, says the Countryside Commission.

The commission—which has rejected the Government's latest proposals on nature conservancy—believes that a voluntary system of preserving the countryside will fail. Lord Winstanley, the commission's chairman, has written to Mr. Michael Heseltine, Environment Secretary, calling for stronger measures.

It wants more comprehensive arrangements based on a clear designation of sensitive areas, ministerial powers to step in where voluntary efforts have failed, and a new system of grants, agricultural grants and subsidies.

The commission believes that the Government's plans will fail because the farming community will not co-operate. An independent study by Lord Porchester in 1977 called for the protection of Exmoor. Farmers have since subjected 1,000 acres of moorland to actual or proposed reclamation:

Voluntary agreements for Exmoor have failed twice before — mainly because the National Park Authority and landowners could not agree on financial terms.

The commission is being supported by a coalition of organisations such as the Council for National Parks, the Ramblers' Association, and the Youth Hostels Association.

Mr. Alan Mattingly Council for National Parks chairman and secretary of the Ramblers' Association, said the Government's proposals would not work because they had failed before.

He said: "In Exmoor National Park, more than 20 per cent of the moorland has disappeared in the past 30 years mainly through agricultural conversion. The National Park Authority has called for reserve order-making powers, and the Countryside Commission—the Government's official adviser on such matters—has concluded that without additional powers the loss of moorland will continue.

Receiver appointed at Intrepid Sealey

Mr. Roger Harris, Peat, Marwick, Mitchell's senior partner in the Devon and Cornwall offices, has been appointed Receiver and Manager of the Intrepid Sealey Group, of Falmouth, Cornwall.

The group which employs 110 people, manufactures fishing reels and rods.

UK NEWS—THE CBI AT BIRMINGHAM

Motion on outlawing closed shop wins narrow majority

David Churchill and Lisa Wood report on the *final session of the CBI conference.*

DELEGATES VOTED by a narrow majority for the outlawing of the closed shop.

A motion put forward by Mr. Richard Puttick, chairman and chief executive of Taylor Woodrow, *had urged the Government* to include in its proposals for industrial relations law measures to ensure that everyone had the right, without affecting their employment, not to join a trade union, or to join a trade union of their choice.

Sir Alex Jarratt, chairman and chief executive of Reed International and chairman of *the CBI's steering group on industrial relations*, said at the opening of the debate that the CBI supported Government proposals *which, while not making* the closed shop unlawful, aimed to ensure that it operated fairly.

He urged members to vote against the motion because the Government's and CBI proposals had similar objectives. He said it was a politically contentious issue as well as industrially problematic given that some 5m out of 12½m trade unionists were working in closed shops of various kinds, "which a high proportion of employers concerned seemed reluctant to disturb."

But Mr. Puttick said that while the Government and CBI's proposals mitigated some of the effects of the closed shop both condoned and accepted the existence of it.

"In a free society, why should it be necessary for anyone to show they have religious beliefs, or deeply held convictions, in order to claim exemption from joining a union? *Who has the right to sit in* judgment on such convictions? There should be complete freedom of choice."

The closed shop was an affront to freedom, an affront to democracy, an affront to trade unions themselves by violating human rights, he said.

Some employers have *agreed* to the closed shop apparantly because they have seen it as a working basis for peaceful industrial *relations* he said. "After the strikes we have suffered this year including the recent engineers strike, I wonder whether it is *now* seen in the same light." While the mapority of speakers on the motion supported it, there was opposition from two areas — British shipping and the British Railways Board.

Mr. Graham Turnbull, of the General Council of British Shipping, was against outlawing the closed shop. He said his industry believed it had a constructive relationship with its unions.

Mr. Clifford Rose, of the British Railways Board, said the closed shop had a degree of notoriety but it would be wrong to concentrate on this aspect of trade union power.

"There have been abuses but that is no reason to sweep it all away." Too many people were using the issue as a weapon to attack trade unions, in order to see if they would fade away. He advocated improved communications with the unions.

Mr. Neville Cooper, of *Standard Telephone and Cables*, said he supported the motion in principle, but would withdraw his support if he believed *the CBI would press for this* end in the long term. "In an ideal society the tyranny of the closed shop would have no *place*," he said.

However, Mr. David Ayres, of Advanced Tapes (UK), said in support of the motion, that employers *must* accept responsibility for their workers and not abrogate them to shop stewards.

Mr. Colin Tickner, of Nicherson Investments, Mr. Ron Halstead, of Beechams Products, and Mr. Derek Gaulter of the Federation of Civil Engineering Contractors, lent their support to the motion.

Mr. Gaulter said that delegates representing major companies were imposing the closed shop on other members because those "already trapped in the net" put a clause into contracts which specifically said that all members of a contracting company should be members of unions when on a job. "It is our view that any legislation should make that practice unlawful," he said.

Other speakers for the motion included Mr. David Coksey, of Intercobra and Mr. Ian Pirie of Hydralon. Mr. David Boult, of BICC Industrial Products said that he was worried that the proposals could give extremists *a rallying point against alleged* anti-union legislation.

Sir John Greenborough, president of the CBI, said that *because the majority in favour* of the motion was so slim he would refer it back to the CBI's steering group and not pass it on as a recommendation from the conference to the CBI Council, where it would affect policymaking decisions.

A second motion supporting the CBI's proposals on changes in industrial relations legislation and its response to the Government proposals, was passed without hostilities, although Mr. John Garrod of Rite Vent, said the key to increased productivity was a united effort not legislation.

New industrial relations approach needed

BRITAIN BADLY needs a new approach to industrial relations, Sir Alex Jarratt, chairman and chief executive of *Reed International*, told the conference.

Sir Alex was introducing yesterday's main session on a new deal for industrial relations, and giving the conference details of the work of the special CBI steering group on the issue. This steering group has been working since the beginning of 1979 to study the balance of power in industry.

Sir Alex said the steering group was concerned not just with power but with performance, *responsibility*, accountability, freedom and its abuse, and the "legal, social, and industrial structures and systems within which it all operates."

The group has established four objectives for the reform of industrial relations. These are:

- To *reduce industrial* conflict and improve efficiency.
- To provide a framework within which industrial relations can operate with a reasonable balance of fairness between those involved—individually and collectively.
- To protect and encourage the rights of the individual and, at the same time, to create a better balance between the democratic freedoms involved in doing so and the need for the protection of those freedoms.
- To create and demonstrate *standards of industrial conduct* which command the overwhelming support of the nation.

Sir Alex agreed with the strong feeling at the conference that amendments to industrial relations law were needed. "But it would be fatal for us to stand back and pretend the law can do the whole job for us," he added.

The group aproached possible changes to the law in stages, he said, and the first stage identified so far was to establish areas of serious abuse and injustice which called for immediate action. The group homed-in on four isues—and closed shop, picketing, trade union ballots, and the financing of strikes.

Sir Alex urged delegates to remember that the whole issue of industrial relations was extremely complex—both legally and conceptually. "We have only to look at previous attempts and failures of governments, of both parties, to reduce industrial conflicts to appreciate that there are no glib and easy solutions.

"We must remember that employers share at least some of the responsibility for past failures through our lack of unified thought and action and our reluctance to use opportunities offered to us in law."

Hardening views on collective bargaining

A HARDENING of employers attitudes over the last decade was obvious from the widespread support for a motion *which called for the Government* to make all collective agreements legally enforceable.

For, as Sir Alex Jarratt said in his opening of the debate, the 1971 Industrial Relations Act had tried to encourage legally enforceable agreements unless the parties deliberately chose otherwise. He said that in practice, under sustained *trade union pressure, nearly all* employers did just that.

He asked: "If the law is changed and you had another chance, would you use it, and enforce it?" Members in voting for the motion obviously believed that they would enforce it.

Sir Alex continued: "One thing is certain. If we do go for the legal reinforcement we must get the law right. And it is anything but simple."

He had said earlier in his speech that it would be fatal for members to stand back and pretend that laws could do the whole job for them. He said: "The law can, and should, play a part—but only a part, and then only if employers are *prepared to use it. Otherwise* we diminish ourselves and do damage to the whole process of the law itself."

Admiral Sir Anthony Griffin, chairman of British Shipbuilders, opposed the motion. He said it was carrying the concept of change by law too far and that communications in an increasingly complex world was a pressing problem.

Mr. Alf Gooding, of the Welsh company A. J. Gooding, who brought the first CBI conference *to life two years ago*, perhaps affected the mood of the conference in his speech given just before the vote.

He described how his factory was affected by the lorry drivers dispute earlier this year. In applauding the response of his workers and in describing how his factory was picketed by a man he had sacked some years ago, he said he would pay into a strike fund and support the motion.

'Strike fund proposals a way to change odds'

SIR ALEX JARRATT *spelt out* details of the proposals for mutual financial support during times of strikes. He told delegates that, since the financial odds in an industrial dispute were heavily stacked against *employers*, the CBI steering group had been looking at ways of changing the odds.

And he reminded delegates that the money that could be used for a mutual funding scheme was money already spent—or lost—as a result of industrial disputes.

Sir Alex told the conference: "The objectives of a mutual funding scheme are to reduce individual vulnerability to strike action by spreading and *sharing the risk and the cost*, and so increasing the will and the capability of any threatened company to resist unreasonable *demands*.

"The scheme would be open, on a voluntary basis, to all CBI members, and administered through a separate company set up for this specific purpose and embracing those companies wishing to be involved. It *would have to be simple in* concept, though sophisticated in operation.

"We have been working on it with a consortium of insurance brokers (some with experience of similar schemes overseas) *combining* our *industrial* with their insurance knowledge and expertise.

"Already we have the idea, the broad shape, a lot of detail (not yet complete), and the knowledge that it could work.

"*Time permits* only a sketchy outline here, but, as we see it, the scheme would be on these lines:

- It would cover closure brought about by your own dispute or the knock-on effect of someone else's. The "someone else" could be either an independent supplier or a separately insured unit, or company within your own group.
- It would help to meet the costs you incur through loss of production (ie, standing charges *during closure*), but not loss of profit.
- Compensation would be speedy, to meet cash flow problems—and based upon a degree of co-insurance (ie, the insured would bear part of the cost of closure).
- There would have to be some minimum and maximum length of cover.
- The rating of risk, on which the premium would be calculated, would be critical. It has to ensure that any individual company's rating reflects its degree of risk, carefully calculated in relation to several factors—size of unit, geography, strike record, industrial sector, union presence, dependence on suppliers/customers, and so on. We have to guard against the majority unfairly financing a relatively few, unduly strike-prone companies — whether through excessive vulnerability or plain bad management.
- There are problems (legal and otherwise) about having, within a *single scheme*, an option to cover knock-on strikes, without covering your own, although we realise some might find that attractive. We are still working on that, as we are on some of the problematical aspects attached to partial closure.
- Finally, the scheme has to have an adequate spread of risk and has to attract a wide, but by no means unrealistic, measure of support across the varied spread of CBI membership.

We are now close to preliminary conclusions about the basis of a potentially viable scheme. When we have reached them, we will test-market the scheme among a number of companies of varied size and *industrial relations risk* and stability. The results of that exercise, coupled with other work in hand, should help us shape a final proposal which we can lay with some confidence before council."

Detailed planning gets go-ahead

THERE WAS overwhelming support *for the resolution* urging companies to take more positive action in the improvement of industrial relations.

Although the resolution did not specifically mention the proposed strike insurance scheme, support for the resolution was seen as an approval in principle for detailed planning on the scheme to continue.

Sir Alex Jarratt in introducing *the debate, stressed* the "importance of each of us improving our own performance as managers in the field of *industrial relations, irrespective* of what the rest of us are doing and irrespective of government."

He added: "*If we cannot take* sensible steps to resolve our own problems, who are we to ask *someone else to help us in* doing so?"

The resolution was proposed by Mr. Roderick Travers, a director of Peter Brotherhood. He told delegates that whatever the CBI's success in securing changes on industrial relations' law, *and whatever the success* of mutual co-operation within the CBI, in the end it was what companies did on their own shop *floor that counted* the most.

Mr. Anthony Frodsham, director-general of the Engineering Employers' Federation, said that the recent dispute in the engineering industry "proved again that companies suffer far greater damage than strikers—while unions virtually suffer no loss at all."

The social security system, he argued, protected the striker but left the employer out on his own.

"We should support measures which impose on unions the burden of partly financing their own strikes, and which relieve the taxpayer from contributing to what is often his own discomfort."

One vivid lesson from the *engineering dispute*, he added, was the value of a good relationship between management and employees. In spite of the pull of union solidarity, many managers were able to persuade employees that their true interest was not best served by blind obedience to remote union leaders.

Ovation for tough Methven

THE CLOSING speech by Sir John Methven, the CBI's director-general, which calls for employers to stop "pussy-footing around" and start putting the economic facts of their own companies to their own workforce, was greeted by delegates at the conference with a standing ovation.

Sir John had summed up in his speech several themes which had coursed through the one-and-a-half day conference in Birmingham — one of the main ones being that employers had a responsibility to workforces in outlining the economic facts of today and the obligation to communicate that information.

He said he wanted to talk about the positive side of industrial relations, "about communicating, about winning hearts and minds, and about management' responsibilities."

When the CBI talked about balancing power with strength it should be very clear about what it meant. "Let's not risk any more misunderstanding. There's been too much of that already. Too few slogans, too few ideas. What we are talking about is a firm, rational response to pressures, not about girding ourselves up for the field of battle.

"What's needed from trade and industry in Britain today —what the nation wants and deserves—is a power house for prosperity, not a power struggle that leads to even greater unemployment, even greater poverty.

"We're talking about managers behaving in a rational, professional and consistent way, meeting pressures—often unreasonable pressures — with firmness. Now we managers have to stand up and be counted: to show that we are no longer going to allow militancy to pay."

He said he was "sick and tired of the battlefields of British business. I yearn—as the nation yearns for a really united United Kingdom." He said that employers could not afford a policy of constant appeasement and compromise, of backing away from a deal struck with the moderates because of action taken by the militants.

Year by year evidence had mounted that the trade union movement in the UK was on the wrong tack. Quite rightly, he said, it was dedicated to defending the standard of living of its members. But the evidence was that the effect of their policies had been precisely the opposite of that which they intended.

Year by year British trade unions made demands and gouged out massive pay increases with practically no increased productivity, and this year it seemed was going to be no exception. Yet, he said, year by year British workers relative to the rest of Europe, got poorer.

He added: "The unions have tried it their way. Now let's try it our way."

As the country approached a new decade there were two alternatives facing Britain. "If ever a nation stood poised between remorseless decline and real success, between poverty and prosperity, between disintegration and moral recovery, then it's Britain on the eve of the 1980s.

"In the starkest terms, we are drinking in the Last Chance Saloon."

Sir John said he believed the people of this country were some of the most intelligent in the world. "But there is still enormous ignorance about the economic facts of life. And frankly it's largely our fault."

He said that once people have the facts, they normally chose wisely. He acknowledged that many companies have excellent communications with their employees. "But all the evidence is that there is a lot to learn and that all too often there is just secrecy and silence. I strongly suspect that some companies still have communication procedures that would make a quiet night in a Trappist monastery sound like the last night of the Proms."

With pay claims being lodged for between 20 and 65 per cent or more, he urged delegates to "get out from behind your desks, stop pussy-footing around and start putting the economic facts of your own company, in front of your own workforce."

He told delegates that it was no use grumbling that wage claims were unrealistic and that company profitability was only a third of what it was 10 years ago.

Sir John also made clear his support for holding top-level talks with responsible trade union leaders. "After all, it's already been agreed that we should sit down and work together at the December meeting of the National Economic Development Council to discuss in depth the economic prospects for Britain and the world.

"I hope we will be able to build now on a side of our relationship that still gives me room for hope but I say to the TUC, with the greatest respect, that we must try and seek positive common ground where we can work constructively together to stamp out inflation, to achieve economic growth and to move towards a high earnings, high productivity, and high employment economy."

His final message for delegates was to leave the conference and to evangelise the benefits of creating the conditions for real wealth and prosperity.

"Let's go out from this conference today and wake up and lead this moderate but complacent country of ours to the prosperity, freedom, and the caring society that everyone of us here knows is possible and wants so much."

Pet subject given pride of place

BY HAZEL DUFFY

INDUSTRIAL RELATIONS—the subject which most delegates had been patiently waiting for—finally claimed its rightful place at yesterday's conference session.

Any delegates who just might have had any doubts about the importance of the subject were firmly reminded of the recent past with an edition of the Engineering Employers Federation's latest bulletin on every seat asking the rhetorical question: Whose Victory?

If many people at conference privately held the view that employers' solidarity in the engineering strike had proved less durable than had been hoped for, they charitably didn't say so. This was the occasion for trying to do something about the position in which employers will undoubtedly find themselves in the future.

Sir Alex Jarratt, set the scene with his near statesmanlike summary of the work that his group is undertaking to restore some of the power that has lurched into the hands of the unions.

Resolution 11, which could become to the CBI what proposition 13 did for the State of California, did not actually mention the closed shop, but conference was in no doubt that was what it was all about.

Indeed, Sir Alex made it clear in his summing up that if conference voted for the resolution it would be asking for the immediate outlawing for the closed shop.

Most of the debate was notable for its responsible and reasonable tenor — the descriptions of the tyranny of the closed shop and the violation of human rights being countered by other speakers who suggested that the furore engendered by the subject could usefully be directed towards encouraging greater co-operation with the unions.

Any temptation to slip into a simple union bashing was studiously avoided and the closeness of the vote reflected the serious tone of the debate. Sir John Greenborough allowed himself one little indulgence with a suggestion that perhaps next year conference should adopt the secret ballot.

In fact, it didn't turn out quite as close as first announced—a simple addition sum by unusually astute journalists pointed out the discrepancy of the figures called out by the tellers.

The final figures were 387 in favour to 321 against, a split not reflected on the platform, four of whom voted in favour and 14 against.

This, and the subsequent debate on the legal enforcement of collective agreements, was the chance for the grass roots to make known their feelings. No doubt the upper echelons of the CBI will be doing some assessments of the representativeness of conference. After all, under the endearingly simply one-man/one-vote system of the conference the widget maker from Warrington has the same voice as the ICI, GKN and other large members of the CBI.

Post Office engineers reject strike ballot

BY PHILLIP BASSETT, LABOUR STAFF

POST OFFICE engineering workers yesterday rejected an attempt by moderates to change union rules so that members would be balloted on whether to take industrial action, with a two-thirds majority necessary before calling a national strike.

Delegates at a special conference of the Post Office Engineering Union, which represents 120,000 key telecommunications workers, voted against two amendments to the union's rules which would have brought in ballots. A third was not put to a vote.

The decision will disappoint the Government, which supports the holding of ballots to decide whether there is to be industrial action.

Moderate union members claimed that the proposed changes would lead to greater democracy in the union. Mr. Brian Cox, from Preston, said the union needed to be strengthened because last year's work-to-rule campaign, which eventually led to the union winning a shorter working week of 37½ hours, did not have the full backing of members.

Mr. Peter Hiley, from Nottingham, said that a postal ballot would make sure that industrial action was not forced upon the union by a small minority.

But Mr. Mike Ronaldson, for the union's executive, said that the best way to decide on important issues was through branch meetings. Ballots caused delays and favoured the employers.

The conference also rejected a motion to alter its name. The executive proposed changing the name of the union to the Communication Workers' Union as part of an attempt to broaden its membership and move into the private sector.

Civil Service Union rejects merger plan

BY PHILIP BASSETT, LABOUR STAFF

MERGER PROPOSALS from Britain's biggest civil service union, the Civil and Public Services Association, have been rejected by the smaller Civil Service Union because of differences in size and structure and because of the political nature of the CPSA.

At its annual conference in May, the CPSA, while rejecting a proposal to seek merger talks with the Society of Civil and Public Servants—in many wasy the CPSA's natural union ally—decided to press for amalgamation with the CSU "as soon as possible."

The executive of the CSU, which represents about 47,000 staff many in low-grade civil service jobs, has now unanimously rejected the CPSA's overtures.

In a letter to Mr. Ken Thomas, CPSA general secretary, Mr. Les Moody, CSU general secretary, says that the executive felt the CSU would lose its own identity if it merged with a union four times its own size. In particular, the differences in organisation and structure between the two unions were too great for any merger to be realised to the satisfaction of the CSU.

-rPfII

Mr. Moody also refers to the "delicate" point of the CPSA's record of political volatility and the fact that deep political divisions have been often aired in public. He says it would be "repugnant" for the vast majority of his members to see the character of the CSU change from its "consciously non-political" position.

In a reference to the political make-up of the CPSA executive, Mr. Moody said that no member of the CSU national executive or any other committee owed his seat to an "identifiable political affiliation."

Mr. Moody's letter adds: "Nor does my executive believe that it can profess to be ignorant of the personal bitterness that seems to accompany the political differences in the CPSA."

Lords reserve blacking appeal judgment

RECENT TRADE union law did not give unions a licence to injure "neutral and powerless" third parties not directly involved in an industrial dispute, Mr. Denis Henry, QC, argued in the House of Lords yesterday.

A union could involve a third party—by secondary action—only if there was a good chance that such involvement would actually help the union's cause.

For a union to act on the basis of "reasonable belief" in considering secondary action would be "a recipe for disaster."

Mr. Henry, for Express Newspapers, was opposing an appeal by the National Union of Journalists against an High Court order that its instruction to Express Newspapers' journalists to black copy from the Press Association, the national news agency, was illegal. The instruction was given last December in support of the strike by provincial journalists.

The object of trade union laws was to grant immunities to unions to act as a "counter-balance" to employers' powers of dismissal and lock-out. "But Parliament has not put unions above the law," counsel said, "particularly when they are dealing with innocent third parties."

This was the first time that the Lords had been asked to define the limits which should be applied.

Lord Salmon commented that, in this dispute, anything capable of putting pressure on the Press Association so that it was likely "to go out of business" must be helping the provincial journalists because their papers could not stand up unless they got their information from the agency.

Lord Scarman said that point also "worried" him.

The Law Lords, headed by Lord Wilberforce, reserved judgment to a later date.

Smallpox death summons fails

BIRMINGHAM University was cleared of blame yesterday for the death from smallpox in July last year of Mrs. Janet Parker, 40, a medical photographer.

Birmingham magistrates dismissed a summons brought by the Health and Safety Executive alleging that the university failed to ensure the safety of employees in its medical school, where a killer virus was being researched. The executive is considering an appeal.

But Mr. Clive Jenkins, Association of Scientific, Technical and Managerial Staffs general secretary, said after the verdict: "This flies in the face of all the evidence presented to the court."

New London Transport unit

LONDON TRANSPORT has set up a central productivity unit to increase efficiency.

The unit, headed by Mr. John Ingleton and Mr. Clive Hardie will analyse productivity in all departments to eliminate waste.

Linwood decision stands

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHOP STEWARDS at Chrysler UK's Linwood plant have failed to persuade the management to rescind its decision to sack 1,250 workers.

The 300 stewards, who met yesterday, postponed plans to call a meeting of the workers later this week and said that there was no suggestion at this stage of industrial action.

They added that the company was in breach of agreed procedures and began talks with it on a work-sharing scheme.

Chrysler UK, owned by Peugeot-Citroen, said last week that it was ending the night shift at Linwood to reduce losses, which reached £17.4m in the first half of the year.

Shipyard men warned on orders

BY OUR LABOUR STAFF

UK SHIPBUILDERS should keep to delivery dates if they wanted British shipowners to place more orders with home yards, Mr. Jim Slater, general secretary of the National Union of Seamen said yesterday.

Speaking at a shipbuilding delegates' conference of the General and Municipal Workers' Uiion, the second-largest union in the industry, Mr. Slater came close to suggesting that labour problems ai shipyards caused the loss of orders to foreign competitors.

● NEWS ANALYSIS — DOCK LABOUR

After Hunterston . . .

BY NICK GARNETT, LABOUR STAFF

THE GOVERNMENT has now embroiled itself on two fronts, one by accident, the other more by design, in the sensitive issue of dock labour.

In its first intervention to settle a union dispute it has been forced reluctantly to start the process that will add Hunterston to the list of about 80 ports operating within the dock labour scheme. This will result in dock work, other than ore handling, being reserved for registered dock workers.

On the second front, Mr. Patrick Mayhew, Parliamentary Secretary with special responsibility for legislation at the Department of Employment, has begun tentative discussions with the unions over the unfinished status of the 1976 Dock Work Regulation Act.

This statute, which would have effectively brought many more ports into the dock labour scheme, has not been put into effect because the scheme through which it would operate was defeated in the Commons.

The scheme, which would have involved reservation of work for registered dockers within a half-mile of the quay, was defeated by the the vote of Tory MPs.

The irony, particularly about Hunterston, is that the Conservatives in Opposition have been set against expanding the dock labour scheme.

The procedure to alter the status of Hunterston begins with the Government publishing a draft Order to it to the list of scheme ports. There are then 40 days for objections to the draft.

If there are objections, for example, that a scheme port should no longer be one, or that a non-scheme port should be added to the list, Mr. Jim Prior, Employment Secretary, must decide if these objections, individually, are "frivolous."

Any serious objection results in an inquiry, probably public.

A recommendation is made from the inquiry. Mr. Prior apparently has power to accept or reject the recommendation on an amendment to the draft Order, though it is unclear if there can be an appeal.

There are 40 days more which MPs can object. An objection means a vote in the Commons. If there is none, the Order becomes statute without a vote.

Mr. Len Murray, TUC general secretary, has given Mr. Prior an "explicit" assurance that unions will not bring up the issue of other ports during the Hunterston process.

Employment Department officials believe that objections from other groups are unlikely. Nevertheless, the Government obviously opens itself up to possible objections on status of other ports.

The Essential (Dock Labour) Order of 1941 introduced dock labour schemes, controlled jointly by employers and unions, into the main ports.

Five years later, the Dock Workers (Regulation of Employment) Act replaced the temporary post-war schemes, to provide the basis for employment regulation in most ports. The scheme was administered by a new National Dock Labour Board.

Under this arrangement, registers of employers and workers were controlled by local dock labour boards, and all dock work in scheme ports was reserved for registered men.

One of the principal weaknesses of this arrangement from the union point of view was that only about a fifth of registered men were employed on even a semi-permanent basis. The rest were casual workers.

In 1967 an amendment order to the 1946 Act brought in the present dock labour scheme, with virtual decasualisation in the scheme ports by allocating men to employers. It came in the wake of a rapid decline in registered dockers jobs. Employment has fallen from 80,000 in 1951 to 26,000.

Scheme ports include all the major ones, such as London, Liverpool and the Clyde, as well as most middle-sized ports.

Under the scheme all dock work is done by registered dock workers except for certain specific jobs at a number of individual ports. All employers must be registered.

The National Dock Labour Board and the local port boards review manning levels, provide training and medical services and administer the national voluntary severance scheme and pensions. Wages are negotiated by a different body.

About the same number of ports, 80, are outside the scheme. They include Felixstowe, Shoreham, Dover, Portsmouth and Norwich.

Many were small ports, but have developed in the past decade-and-a-half through containerisation and changing trade patterns with the EEC. This has been particularly marked at Felixstowe.

At the bigger non-scheme ports, work is fully decasualised and in the hands of the traditional dockers' union, receiving similar or better pay than in the scheme ports.

Dockers technically do not have to be registered. Neither do employers. As a result in some smaller ports there are still what the unions would term "cowboy" operators, occasionally using non-union labour.

Job security is not as tightly regulated in non-scheme as in scheme ports. In the latter redundancies are voluntary, and the severance payments scheme generally provides more money than redundancy payments in non-scheme ports.

NUPE attacks council rises

THE National Union of Public Employees yesterday attacked the Labour-controlled London Borough of Southwark for planning to spend £605,000 in pay rises for its top officials.

The council, considering 5 per cent spending cuts in line with Government policy, said the pay increases were necessary for it to retain staff.

COMPANY NOTICES

M. L. HOLDINGS LIMITED

8¼% DEBENTURE STOCK 1988/1993
NOTICE IS HEREBY GIVEN that the Transfer Books and Registers of Members will be CLOSED from the 30th November to 10th December 1979, both dates inclusive.

By Order of the Board,
A. P. SMITH, Secretary.

LINREAD LIMITED

NOTICE IS HEREBY GIVEN that the share transfer books of the company will be closed from Saturday 17 November to Monday 10 December 1979, both days inclusive, for the preparation of dividend warrants.

By Order of the Board,
K. J. MORRIS, Secretary.

RESIDENTIAL PROPERTY

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
THE COMPANIES ACT, 1948
BARKER & DOBSON GROUP LIMITED

NOTICE IS HEREBY GIVEN that the order of the High Court of Justice (Chancery Division) dated 29th October 1979 confirming the reduction of the capital from £20,000,000 to £18,655,749.40 and the cancellation of the whole of the amount of £1,859,415 standing to the credit of the Share Premium Account of the above-named Company and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-named Act were registered by the Registrar of Companies on 31st October 1979.

Dated this 5th day of November 1979.
HERBERT SMITH & CO.,
Watling House,
35-37, Cannon Street,
LONDON, EC4.
Solicitors for the said company.

COURT OF SESSION, SCOTLAND

A PETITION has been presented to the Court of Session, Scotland on 2nd October 1979 by Hampton Trust Limited, 21 St. Andrew Square, Edinburgh for Confirmation of Reduction of Capital. All parties claiming an interest are allowed to lodge answers thereto, if so advised, within 14 days of today's advertisement. Of all which intimation is hereby given.

W. & J. Burness W. S.
12 Hope Street
Edinburgh, EH2 4DD
Solicitors for Petitioners

CLUBS

RESIDENTIAL PROPERTY

LECTURES

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Data is carried by light beams

WHILE A good deal has been said about linking computer central processors and their peripherals by high capacity glass fibre light guides, the recent announcement by IBM scientists in Zurich that they had evolved a way of transmitting data between such units by broadcasting it on infra-red wavelengths is novel.

This experimental work could prove useful for the increasing number of computer systems that employ small, local terminals performing individualised tasks, such as sorting cheques, controlling movement of inventory, supervising the activities of industrial robots, etc.

Wireless data transmission may be especially suitable in large room offices and factory floor or warehouse environments. Radio waves also could be used for wireless data transmission, but infrared waves are not susceptible to *electronic* interference, and are more easily confined to transmission within a desired area of reception.

Experiments were conducted at the Zurich Research Laboratory with a 64,000-bit per second infrared transmitter and receiver using carrier *modulation* as in radio broadcasting.

Scientists visualise an infrared data *communications* system in which each terminal on the floor of the working area would be equipped with light-emitting diodes (LEDs), for sending the infrared signal, and photodiodes for receiving.

LEDs are small and cheap devices that can be made to emit most of their light in the *infrared: spectrum.* The wavelengths are in what is known technically as the "near infrared," close to the range of visible light. Wavelengths in the rest of the infrared region are sensed as heat, and would not be suitable for communications.

A central infrared station, installed in the ceiling of the room, would be the main control point for all the terminals. The station would poll each terminal in turn, asking, in effect, "Do you have any new data for me?" and the terminal would reply, on a different frequency.

Terminals today are usually connected by copper coaxial cables to the host computer or to a central controller that communicates with the computer over 'phone lines if the computer is somewhere else.

This means that every time a new terminal is needed, a new cable needs to be run. The cost of stringing wire is expensive and is not expected to go down because of the labour involved in putting the wire into place.

The IBM scientists assumed a data transmission rate of 10 to 20 kilobits per terminal, in which case a 64 kilobit line might be able to handle from 16 to 64 terminals, depending on the polling technique used and the rate at which any particular terminal might have data to transmit.

War of the giant machines

ANTICIPATED mid-term enhancements to the top of the range IBM machines, announced in the U.S. at the weekend, *reveal the existence of two new* N-series processors that have 1.3 to 1.8 times the performance of *the 3032 and fall in the category* of machines around the £1m level.

Interesting in the announcement is that the new units can be expanded on site to turn them into 3033s. 3033s, with attached processor and multiple 3023s. This means, in effect, that the top of the range group increases from three to notionally five machines. Underlining this impression is the fact that IBM has also announced price cuts of 20 per cent on the 3032 and 3031 processors (and one of 15 per cent on the 3033).

Deliveries of the new machines to customer sites in the U.S. will begin in the first quarter next year. Upgrading will start one year later

The same delivery schedules *apply in Britain and the new* machines will be built both in Havant and in Montpellier.

A typical system with 8m characters of *main memory*, 12 channels and certain other essential components will sell in the U.S. at $2,365,000 and in Britain at £1,105,964, rental in *this instance being £47,167* per month.

Just to illustrate how closely all the moves of the industry leader are being watched and paralleled, Amdahl announced in London, before IBM UK was ready with full information on its new product, the advent of *the Amdahl 470 V/7B* which the company describes as a further extension of large machines *designed for on-line and batch* working.

This new machine provides *throughput of about 60 to 65 per* cent up on the V/7 and, as could be expected, is field-up*gradable to V/7A or V/8* machine levels. It can also be used with the accelerator equip*ment announced by Amdahl* a few months ago to provide an increase in performance against peak loads of some 30 per cent on a single operator command.

It is available with 4 or 8 *Mbytes of main memory* and 8, 12 or 16 channels with a 32k buffer.

First customer deliveries are for March next year.

● PROCESSING

Keeps the beer bright and clear

ONE OF the most difficult problems in brewing is the recovery *of bright beer from conditioning* (or lagering) tank residuals, traditionally known as "tank bottoms." These residuals, which contain a mixture of dead yeast, protein matter and perhaps finings (isinglass) are drawn off from storage tanks for treatment principally to recover as much beer as possible from the slurry.

Problems arise because solids present in tank bottoms can be as high as 25-30 per cent on a volume/volume basis and *they* have an extremely "blinding" character.

Stella-Meta Filters (Permutit-Boby) tackled the problem and solved it with a high solids *separation / de-watering OMD* filter system.

The first order for production Stella-Meta OMD filter units was placed by Scottish and Newcastle Breweries for tank bottoms beer recovery duties at its New Fountain Brewery, Edinburgh, after an intensive initial proving programme and subsequent operation on a regular production basis of a pilot scale *unit over a 10-month period.*

The brewery now has three 300 square foot OMD filters in operation—two at New Fountain and one at the group's Tyne Brewery, Newcastle.

Comparable systems are also in service with, or on order for, a number of other UK and overseas breweries. Some of these selected the filter after seeing its capability to recover bright beer in Edinburgh.

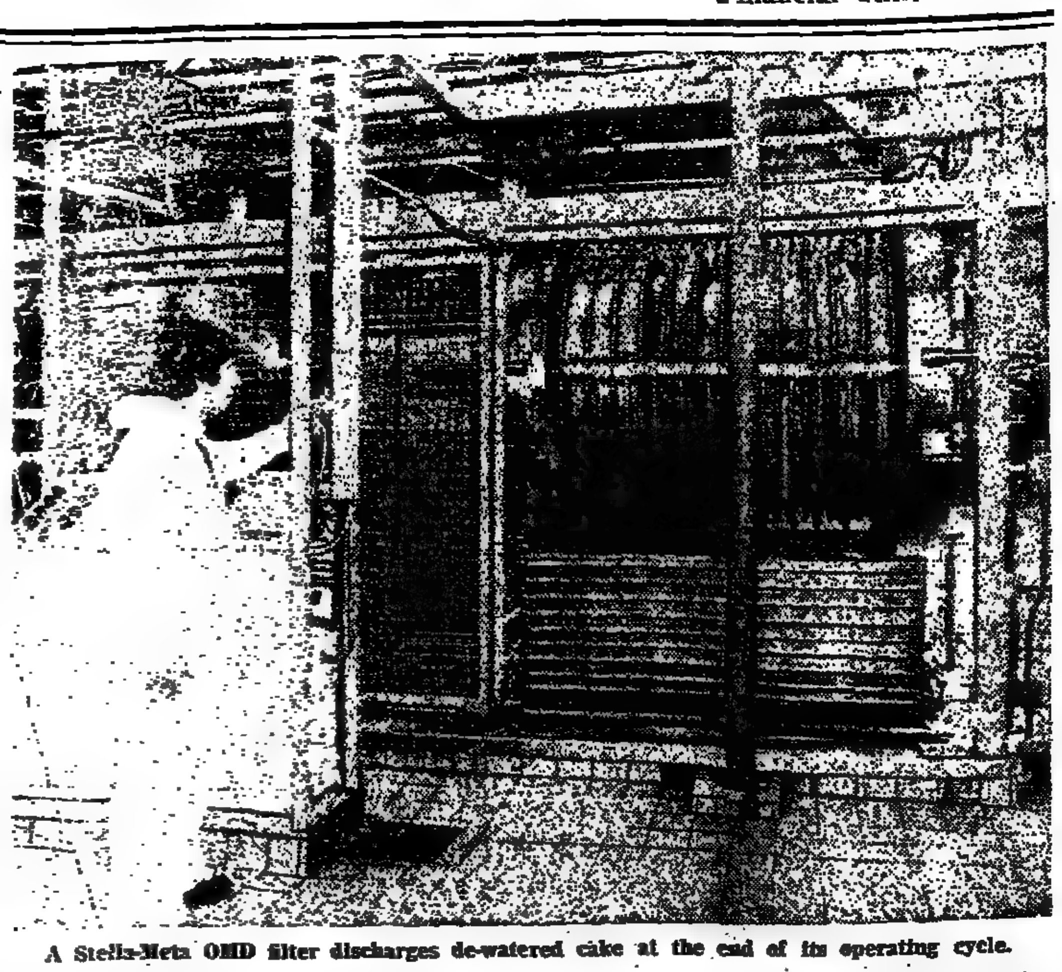
This design is a horizontal tank pressure filter fitted with vertical elements which comprise circular leaves covered with heavy synthetic fibre textile membranes. The leaves are mounted into *side* drainage manifolds to promote unhindered cake discharge.

At the end of *the* filtration cycle, and prior to discharge, the cake is compressed and dewatered by means of a patented diaphragm system. These diaphragms are flexibly mounted, one opposite each leaf face.

The filter cake builds up on the elements until contact is made with the diaphragms, whereupon the *surface area* available for flow is greatly reduced. The filter leaves and diaphragms are *normally set to* permit the build up of a 50 mm (2 in) thick cake on each filter leaf face.

At this terminal stage the flow rate will fall, while the pressure differential across the system increases, the cake being compressed by the flexibly-mounted diaphragms. The filter is opened and the compressed cake is vibrated from the leaves using the *Modulair vibrator* system.

Permutit-Boby, 632, London Road, *Isleworth*, Middlesex, TW7 4EZ. 01-560 5199.



A Stella-Meta OMD filter discharges de-watered cake at the end of its operating cycle.

Help in making blends to complex formulae

MIXING OF raw materials to produce a suitable blend for *the final product is an activity* carried out in a variety of industries from steel to food, paint and chemicals.

Specialists have often spent thousands of man-hours working out the parameters of the blend but when it comes to production, a shortage, or a fluctuating cost of raw materials, can cause problems if the end product mix is to remain within its specification and within *sensible price levels.*

To overcome this, Scicon Computer Services of Milton Keynes has *developed SCIMIX*—a computer method aimed at producing least-cost formulations in any process where raw materials are blended together.

Available as a complete service, together with professional advice on the use of the system, it can be tapped via *the* Scicon bureau in Milton Keynes, or by computer terminals at Scicon regional offices, or on the user's own *premises.* The user does not require specialist computer knowledge in order to use the *system.*

SCIMIX is capable of solving a multi-blend problem, that is a *problem* of matching several blends simultaneously. This has particular application *where one is trying to allocate* limited stocks of available materials to several blends in *the best overall way, thus* promoting better efficiency and higher cost effectiveness in production.

Users can operate the *system* in a question and answer mode and automatically calculate the most economic solution for the process formulated from the given information.

The purpose of cost evaluation *is* to test the *usefulness* of a particular raw material at various price levels. Usefulness *is taken to be the amount of* the raw material used in the particular blend or blends being evaluated. The resultant information gives the true value of a raw material in the blends that are being made, thus enabling the correct mix of raw materials at least cost to be *established in order to meet an* overall final product specification.

Scicion at Brick Close, Kiln Farm, Milton Keynes, MK11 3EJ. 0908 565656.

● PACKAGING

Where the labels go

APART FROM their wide use in the retail trade, self-adhesive labels are being used more and more in the rapidly growing computer and business administration markets.

New applications and uses for self adhesives are being discovered all the time—in industry, commerce, travel, etc.—and these are the subject of a market report produced by Labels and Labelling, 10 Torrington Drive, Potters Bar, Herts.

"A guide to the use and market applications for self-adhesive labels" contains information about some 90 uses which it is hoped will be of value to *label producers and users.*

Printing on labels

ABLE TO print or overprint variable and standard information on to any type of reel-fed labelling product, self-adhesive, heatseal and gummed labels, perforated tickets, tags and sew-in cards, is the Centaur from Norprint, 98, West Street, Boston, Lincolnshire (0205 65161).

Type of *material used for* tickets or tags presents no problem to the printer which can *handle* any problem paper, board and fabric, says the maker.

It is supplied with either a rewind unit which automatically rewinds the printed items into a reel, or a guillotine with stacker which enables them to be cut singly or in various multiples and stacked.

Equipment includes a special interchangeable duct inking system which allows the ink colour to be changed within three minutes and no "washing down" is required as ink can remain on Centaur for extended periods.

● INSTRUMENTS

Will sense overheating in circuits

RATHER THAN protect the area or room in which electronic equipment is installed, a device from Fire-Reliant of *Southport is small enough to* be mounted in the equipment itself.

It is based on miniature, one shot, temperature sensitive closed circuit switches which cut power if overheated.

There is no chance of the contacts becoming welded, which is possible with conventional thermostats; each device, measuring only 11 by 4 mm contains a solid heat-sensitive chemical pellet which melts and flows at a closely controlled and predictable temperature. Melting of the substance allows an otherwise restrained trip spring to break the electrical contact positively and permanently.

Two of the devices are installed, one operating at a higher temperature than the other—one will give an "early warning" alarm and if no action is taken the other will be triggered (to cut the power supply) at the higher temperature. Available temperature range is from 63 to 242 degrees C.

Upper Aughton Road, Southport, Lancs. (0704 64617).

Controller for sheet extruders

A PROFILE control unit which operates with the established *8000 Series microcomputer* measurement and control system can now be supplied by Nuclear Enterprises, Bath Road, Beenham, Reading RG7 5PR (073 521 2121).

Continuous thickness measurements across the extruded sheet are precisely related to calculated zone averages corresponding to the die bolts of the extruder. Each average in turn is compared to a target value for that zone and the deviations transferred to the profile controller.

The data is then translated into signals to adjust the individual dimensions of the Autoflex die lip to provide flat or special profiles.

Control is co-ordinated with a haul-off speed control for optimum results of average thickness and profile.

A considerable improvement in product quality is claimed, combined with savings in raw materials—an increasingly important consideration.

● PHOTOGRAPHY

Prints in colour at high speed

AGFA'S Colormator 7565 can turn out 14,000 colour prints an hour and is claimed to be the fastest high-performance automatic printer in the world.

It accepts 110, 126 and 135 size films and rolls of colour paper in these different widths. *High print quality is guaranteed* by an integral ADK (automatic density correction) selector which *is standard equipment.*

The new machine is simple to operate and its automatic *functions prevent errors.*

Annual capacities of up to 20m exposures are being obtained with the Colormator 7560, predecessor of the new machine. Users can expect higher economy with the latter because of its large paper capacity: the magazine of the printer holds a roll of paper 550 metres (1,805 feet) long. Printing is possible on paper rolls 7.6, 8.9 and 10.2 cm (3, 3½ and 4 inches) wide.

Colour results have been *further improved by considering* density and colour dominants in negatives and the 7565's new *lighting system is a major fac*tor in achieving high capacity.

Agfa-Gevaert, 27 Great West Road, Brentford, Middx. 01-560 2131.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

هكذا من الأصل

UK NEWS—PARLIAMENT and POLITICS

Mortgage rates likely to rise in January

BY JOHN HUNT

THERE IS very little hope of preventing an increase in mortgage rates in January, Mrs. Margaret Thatcher told the Commons yesterday when she clashed with Mr. James Callaghan, leader of the Opposition, during *Prime Minister's* question time.

She also came under heavy pressure to predict the course of interest rate generally, but refused to be drawn on the subject.

Her remarks came shortly after Mr. James Prior, Employment Secretary, had given a very pessimistic economic forecast during questions to his department.

Mr. Prior told the Commons: "We are now entering into a prety fierce world recession with the number of unemployed already twice what it was in 1974. I must say I think the outlook is pretty bleak."

He refused to forecast the level of unemployment over the next 12 months, but added: "I have made no secret of my view that over the next year or so unemployment will rise."

Mr. Callaghan challenged Mrs. Thatcher over a remark made some time ago by Sir Geoffrey Howe, Chancellor of the Exchequer, that it would *only be* a matter of weeks before minimum lending rate came back down from 14 per cent to 12 per cent.

"Do you expect it to come down?" he asked bluntly.

Mrs. Thatcher replied that in her opinion it was most unwise to forecast or say anything at all *about interest rates. Therefore,* she would not comment on it.

Returning to the attack, Mr. Callaghan asked if this meant that home owners must reconcile themselves to an increase in mortgage payments next January or whether the Prime Minister proposed to intervene once again to keep down the mortgage rates.

Retorted the Prime Minister: "I think there is very little hope of getting down the proposed increase in mortgage rates.

"But had this Government undertaken the expenditure proposals of the previous Government then borrowing would *have* been infinitely greater, taxes higher—both income tax and Value Added Tax—and interest rates even higher than they are now."

Mr. Eric Heffer, (Labour, Liverpool Walton) recalled that Mr. John Biffen, Chief Treasury Secretary, said last week that 300,000 more people would be out of work as a result of *Government policy.*

He wondered what Mrs. Thatcher had to say to people who would be unemployed.

The Prime Minister reminded him that Mr. Denis Healey, when he was Labour's Chancellor of the Exchequer, had said that no one could predict with any hope of accuracy the path of unemployment over the next few years. She happened to believe the same.

Another *Labour backbencher,* Mr. William Hamilton (Fife Central) drew angry protests from the Conservatives when he said that because of accelerating de-industrialisation and unemployment, Mrs. Thatcher was known in Scotland "not so much as an iron lady, but as a myopic petty little tinpot dictator."

Mrs. Thatcher told him that no Government could keep yesterday's industries in existence unless they were competitive with overseas industries.

"The tragedy of this country is that many people as consumers reject the products of their fellow wage earners because they are *not sufficiently* good value," she maintained.

With the Hunterston dispute in mind, she said that in some cases the British taxpayer *had* poured investment into Scotland and it had not been properly or fully used for many months.

Earlier Mr. Prior made another appeal for unions to avoid strikes during the coming winter.

He warned that Britain was no longer in a strong enough position *to weather protracted* strikes and lock-outs. "We simply cannot afford that luxury."

He commented again on the large number of unfilled vacancies at a time when "on paper" there were so many unemployed.

He agreed there were many people genuinely seeking work and unable to get it. But at the same time there were a large number of vacancies and jobs were not being filled.

NEB to decide sales timing

Sir Keith Joseph

DECISIONS ON the timing of the disposal of particular assets by the *National Enterprise* Board will not be dictated by the Government, Sir Keith Joseph, the Industry Secretary, assured the Commons last nght.

At the same tme, he gave a broad hint to the NEB not to *At the same time, he gave a* delay too long in helping Ministers to discharge their election commitment to reduce *the size* of the public sector.

Some of the NEB's holdings, Sir Keith asserted, were already "mature enough to stand on their own feet," while others would need more time before they were ready for disposal.

He was *subjected to repeated* interruptions *from the Opposi*tion benches when moving the second reading of the Industry *Bill which seeks to reduce the* powers and role of the NEB.

Mr. John Silkin, Labour's Shadow Industry minister, denounced the attempt to force the NEB to sell off public assets at "bargain basement prices." He warned that the overall effect of Government policy would be to reduce Britain to an industrial desert.

*He suggested that an incom*ing Labour Government would have to consider the imposition of import ceilings on manufactured goods and also making industry subject to compulsory planning agreements.

Sir Keith argued that the policies of the last Labour Government, through maltreatment of savings and capital, had *made it necessary to establish* the NEB. There should be no need for public sector finance in manufacturing industry if private savings and private enterprise were treated properly.

Sir Keith commented that the NEB had tried to operate as if it were a commercial holding company, but its immunity from insolvency *meant that it had* been insulated from commercial disciplines.

Apart from enabling the NEB to make substantial disposals of its existing holdings, the Bill would also largely confine its *future activities to a* limited role in relation to advanced technology companies and companies in economically assisted areas.

Sir Keith stressed that it would be for the NEB itself to judge when it was in the best interests of the taxpayer and the individual companies concerned to put its assets on the *market.*

Some of the NEB's investments were not "ripe" for sale to the private sector and it would be an ill-service to the taxpayer and the companies concerned not to allow a further *period of gestation.*

But while not requiring the NEB to sell off any of its holdings immediately he looked *forward to the time when dis*posals were accepted as a natural part of its activities.

Benn predicts disaster

By Our Parliamentary Correspondent

COMPLETE STATE ownership of North Sea oil and imposition of import controls to protect British industry were advocated yesterday by *Mr. Anthony Wedgwood* Benn. He predicted that the Government's industrial policies would end in disaster.

Mr. Benn said there was no *future for Britain until* a government was elected that made full employment the prime object of public policy.

There should be an Industry Act giving the Government the power to invest in British industry to secure sufficient production to fill the gap left by capital fleeing abroad. These developments should be financed by 100 per cent state ownership of North Sea oil.

Governments should secure a greater role for the trade union movement. To declare war on the people who represented those who created wealth was an act of supreme folly by the Conservative Government.

Mr. Benn predicted that this would place tremendous *strains on law and order.* Already, some young people believed Mr. Whitelaw's "short sharp shock" treatment in detention centres was being introduced to prevent them demonstrating against Government policies.

Public urged to back Ulster proposals

BY PHILIP RAWSTORNE

MR. HUMPHREY ATKINS, *Northern Ireland Secretary,* yesterday appealed directly to the people of the province to support his attempt to break the political deadlick in Ulster.

Speaking in Ballymena, Mr. Atkins made it clear that the Government intended to go ahead with its plans for a conference on restoring some powers of self-government to Northern Ireland.

He urged the public to press its political leaders—whose initial reactions to the initiative have ben hostile—to participate in the conference.

"This is not the time for apathy or standing back," Mr. Atkins declared.

"It is the time for action and decisions."

Recent measures had brought substantial improvements in the security situation, Mr. Atkins said.

The Government was concerned to build on this by restoring greater political re*sponsibility to the people of* Northern Ireland.

"After six months of talking and *thinking,* the time has come for us all to get together round the table and see what we can achieve in striving for an acknowledged common goal," Mr. Atkins said.

There was general agreement that the people of Northern Ireland *should have a greater say* in the way they were governed.

"For far too long now, Northern Ireland has had a serious gap in its governmental structure. The people know. We, the Government, know it.

"So if we agree on the problem, let us, for goodness sake, put our heads together and see what we can do in a calm, *rational* and realistic atmosphere to come up with acceptable and workable new *arrangements," he declared.*

Such arrangements would not please everyone and there would have to be give and take *if solutions were to be devised,* Mr. Atkins said.

He confirmed that the Government would publish shortly a number of options as a basis for the conference discussion.

These are expected to go before the Cabinet for approval this week and will probably be published about November 16.

The Government plans to debate the document first at Westminster in an attempt to persuade the Official Unionists to drop their initial opposition to an all-party conference.

Mr. Atkins said yesterday *that, in the light of the progress* made at the conference, the Government would introduce legislation in the Commons as soon as possible.

"We are looking for the highest level of agreement we can get," he added.

Insider dealing changes

By Christine Moir

AMENDMENTS TO the Companies Bill which will make insider dealing a criminal offence, *will be tabled as soon* as possible, Mr. Cecil Parkinson, Trade Minister, said on the first day of the committee stage of the Bill yesterday.

The Council for the Securities Industry, the City watchdog, agrees fully with the concept *of criminal sanctions* against individuals who use confidential information to deal in *securities.*

It announced yesterday broad agreement with the draft clauses which the Government has already foreshadowed.

However, it believes that Clause C, which deals with transactions conducted outside the Stock Exchange, should be altered to penalise *the individual who deals* through an "off-market" dealer, rather than the dealer himself.

It also wants the Government to emphasise that an insider who gives a tip to a dealer is committing an offence. But, says the CSI, the clauses should be examined to ensure that a *Stock Exchange jobber is not* caught by the penal provisions.

Mr. Parkinson said that the clauses to tighten the rules under which companies may provide loans to directors will be introduced next week.

Tebbit orders Pool Fisher inquiry

THE TRADE Department has launched a preliminary inquiry into the loss in the Channel of a British coaster in which 13 people are feared dead, MPs were told yesterday.

Mr. Norman Tebbit, Trade Under Secretary, assured the Commons that the search for the missing crew members of the 1,028-ton Pool Fisher and one woman passenger "will continue while there is hope of saving life."

Despite severe weather, the search, involving three warships, six merchant vessels, two lifeboats and four helicopters, goes on.

Rescue

Two survivors had been rescued and two bodies had also been recovered. Fourteen crew and one passenger had been abroad the ship when she capsized and sank west of the Isle of Wight.

Mr. Tebbit said: "We must all hope that the extensive search and rescue operation . . . will be *successful in locating further* survivors."

Responding to Opposition calls for greater surveillance in British waters, Mr. Tebbit said: "The best possible surveillance we can manage is being carried out.

"We are moving through the international organisations to improve standards of construction and operation of ships.

"But one must say time and time again that ships at sea meet hazards that are often unexpected and beyond the abilities of ships to weather."

No doubt for a very long time to come, ships would be lost in bad weather. There were no "magic means" of preventing such incidents occurring again.

Potash

Mr. Tebbit added *that his department had been examining* for some time the possibility of introducing electronic position indicating radio beacons.

But he was not yet satisfied that the beacons would fulfil the role of leading searchers to survivors and being generally reliable without also causing false alarms.

Mr. Tebbit said that available evidence so far suggested Pool Fisher, which was on its way to Runcorn in Cheshire with a cargo of potash, had been in sound condition.

It had undergone its last general inspection in May, and all other safety and construction certificates were current and in order, he said.

Mr. Tebbit said that following the distress call transmitted west of St. Catherine's Light, Isle of Wight, the coastguard immediately launched two *life*boats and scrambled helicopters from Lee-on-Solent and later from Portland and Culdrose.

Technology job fears 'unrealistic'

NEW TECHNOLOGY should not lead to the massive levels of unemployment predicted by some forecasters, Lord Gowrie, Employment Minister, said yesterday.

Micro-electronics offered a better prospect for the industrial and economic future of the country—and hence employment—than probably any other advances since the *industrial revolution,* he told the Engineering '80 Conference in Colchester.

"We cannot afford to be left behind because that would be a recipe for economic stagnation, or worse, and large scale unemployment.

"The danger is imminent: we are already failing to *adapt quickly* enough to the industrial applications of the new technology."

Fullest co-operation between management and workers would lead to the easiest and quickest introduction of the new technology.

Gloomy forecasters suffered from two main fallacies, he said. "One is that they tend to assume a *static economy* with manufacturing in continuing decline and the service sector losing the capacity to absorb labour shaken out of manufacturing; the other is the assumption that *anything that is technically* feasible will rapidly become industrial reality. Neither assumption is realistic."

Tehran embassy 'outrage'

BRITAIN IS determined to maintain its Tehran Embassy despite the "turbulent, confused *and dangerous*" situation in Iran, Mr. Douglas Hurd, Foreign Office Minister, told the Commons yesterday.

In a statement about Monday's attack on the embassy by Islamic students and revolution*ary guards, resulting in its* occupation for about six hours, Mr. Hurd said it was "imperative that the Iranian Government *fulfils its obligations* and takes adequate measures to protect diplomatic lives and premises."

"Our embassies are increasingly at risk, but however hard one considers it, one is driven *back to the conclusion that one* can secure embassies physically against the intruder. But when an armed mob appears there is no escaping the fact that the responsibility for protecting the embassies must rest on the host government.

Earlier, Mrs. Thatcher condemned the takeover of the U.S. embassy by protesters de*manding the return of the Shah* to stand trial. It was "an outrage to diplomatic relations everywhere.

"*We will do anything* we can to help the U.S. achieve justice."

Mr. Hurd told Mr. Eldon Griffiths (C Bury St Edmunds) that the identity of the intru*ders and the motives for the* attack on the British embassy were "still not wholly clear."

Mr. Griffiths had asked for an assurance that the Government "will be no party to arrangements to send back a sick man, *the Shah, to meet the blood lust* of the Tehran mob." Mr. Hurd told him he entirely agreed with his comments.

Mr. Griffiths urged the Government to draw up contingency plans in case oil sup*plies from Iran dried up, to* avoid a "further scramble" for supplies. Mr. Hurd said the Government would be considering what action to take in this event.

The shadow Foreign Secretary, Mr. Peter Shore, "*endorsed* and reinforced" the protest made by the Government to Iran.

He urged that if there was a change of government in Tehran, Britain should expect *the minimum standards of con*duct in relation to our diplomats abroad. "Otherwise it is not worth having diplomats in a country which flagrantly abuses the rules."

He also called for urgent consultation with other oil-consuming countries on arrangements if supplies were intercepted.

The Minister said there were still about 500 British people in Iran but they were not under *direct threat.* "*The attack on* the embassy clearly had some political intention."

He added thaat a judgment would have to be made on whether British diplomats should be sent to a country in "such an insecure situation." But it was believed there should be diplomats in a country which is "going to be very important."

Mr. David Price (C Eastleigh) asked Mr. Hurd to consider whether it was right to "expose *the wives and families of diplo*mats" to the difficulties in Tehran. "Is this not a case for unacompanied service?"

Mr. Hurd said: "The wives and families brought out of Tehran were allowed to return earlier this year.

"It is a very difficult judgment to make. It is not sensible to ask people to remain un*accompanied in a difficult post* for too long.

"But obviously, if the situation continues to be turbulent, confusing and dangerous, this is a judgment we will have to look at agam."

London Clearing Banks' balances

as at October 17, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
Sterling deposits:				
UK banking sector	7,278		+304	
UK private sector	32,896		+796	
UK public sector	438		+ 57	
Overseas residents	3,234		+110	
Certificates of deposit	1,976		−111	
		45,823		+1,156
of which: Sight		19,487		+ 816
Time (inc. CD's)		26,335		+ 340
Foreign currency deposits:				
UK banking sector	5,670		+348	
Other UK residents	1,149		+112	
Overseas residents	15,044		+888	
Certificates of deposit	1,251		+ 28	
		23,114		+1,376
Total deposits		68,937		+2,532
Other liabilities*		10,692		+ 278
TOTAL LIABILITIES		79,629		+2,809

ASSETS	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
Sterling				
Cash and balances with Bank of England		1,260		− 46
Market loans:				
Discount market	2,603		− 15	
UK banks	10,050		+507	
Certificates of deposit	1,101		+ 15	
Local authorities	906		− 35	
Other	401		+ 22	
		15,061		+ 494
Bills:				
Treasury bills	603		+ 92	
Other bills	961		+ 90	
		1,564		+ 182
Special deposits with Bank of England		453		+ 2
Investments:				
British Government stocks	1,842		+ 11	
Other	1,619		− 31	
		3,461		− 20
Advances:				
UK private sector	24,039		+696	
UK public sector	223		− 46	
Overseas residents	3,188		− 20	
		27,449		+ 629
*Other sterling assets**		6,533		+ 224
Foreign currencies				
Market loans:				
UK banks and discount market	4,976		+424	
Certificates of deposit	212		+ 17	
Other	10,218		+717	
		15,407		+1,158
Bills		29		− 1
Advances:				
UK private sector	2,001		− 43	
UK public sector	884		+ 1	
Overseas residents	4,240		+303	
		7,125		+ 261
Other foreign currency assets*		1,288		− 85
TOTAL ASSETS		79,629		+2,809
Acceptances		899		+ 46

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	68,937	+2,532	19,013	+626	13,381	+414	13,550	+432	20,969	+1,018	2,024	+ 42
ASSETS												
Cash and balances with Bank of England	1,260	− 46	391	+ 7	174	− 55	276	− 8	380	+ 40	39	− 30
Market loans:												
UK banks and discount market	17,630	+916	4,473	+182	4,131	+137	2,440	+ 99	6,118	+430	468	+ 67
Other	12,838	+737	3,689	+223	3,404	+109	1,895	+ 95	3,535	+310	313	—
Bills	1,593	+181	345	+ 29	163	+ 19	558	+138	478	+ 20	49	− 25
Special deposits with Bank of England	453	+ 2	156	+ 2	26	+ 1	105	− 2	147	+ 2	19	—
British Government stocks	1,842	+ 11	391	− 3	290	+ 2	511	− 3	571	+ 16	80	—
Advances	34,574	+890	10,005	+167	5,449	+178	7,810	+172	10,170	+339	1,140	+ 33

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
Eligible liabilities	28,927	+558	9,065	+173	4,616	+106	6,638	+103	7,579	+163	1,030	+ 14
Reserve assets	3,698	+ 47	1,163	+ 17	591	+ 11	832	− 1	963	+ 22	129	− 3
Reserve ratio (%)	12.8	− 0.1	12.8	− 0.1	12.8	− 0.1	12.8	− 0.3	12.7	—	12.5	− 0.5

APPOINTMENTS

Kayser Bondor chairman change

Dr. G. B. Turner has been appointed to the Board of KAYSER BONDOR as chairman. He succeeds Mr. C. A. Hogg, who has resigned from the Board following his recent appointment as chief executive of the Courtaulds Group.

★

The INDEPENDENT BROADCASTING AUTHORITY has appointed Mr. James Conway to the new post of London area officer.

★

Mr. Henk Reijneker has been appointed managing director, designate of DUNLOP ENERKA BV, Drachten, Holland, which manufactures conveyor belting for Continental Europe and is part of the Dunlop Belting Group. He will succeed Mr. Tieerd Visser who will shortly be taking up an appointment with the Dunlop Overseas Group in London. Headquarters of the Dunlop Belting Group are at Speke in Liverpool.

★

Mr. Jack E. Banister has been appointed vice president broadcast systems Europe, the Middle East and Africa by BCA INTERNATIONAL LIMITED (UK). He succeeds Mr. Patrick J. Murrin, who has retired.

★

Mr. Frank X. Marshik has been named a vice-president of worldwide sales by the PULLMAN KELLOGG division of Pullman Incorporated, with commercial responsibilities for North America, Latin America and the Far East. He will continue to be based in Houston.

★

Mr. Jack Bevins has been appointed company secretary and Mr. Neil Kershaw, chief accountant of COMPOUNDING INGREDIENTS, Manchester.

★

Mr. Philip G. Edwards has been elected to the Board of DEBRETT'S PEERAGE. Mr. Edwards is an investment adviser with offices in London and Zurich.

★

Mr. Trevor Williams is to become Director of the HENLEY CENTRE FOR FORECASTING from January 1. He is at present an adviser on technology projects to the Scottish Development Agency.

★

The Board of BROWN JENKINSON AND CO., of Barking has re-structured its executive role and the following responsibilities have been established: Mr. R. F. G. Smith, chairman; Mr. A. M. Marfleet, administration, personnel, legal; Mr. H. G. Bachr, liner trades; Mr. S. J. L. Birt, financial, data processing; and Mr. M. J. Allwood, commercial. Mr. J. D. Cowell and Mr. R. J. Nicola have left the group and Mr. H. C. Smith will retire from business early in the New Year.

★

Mr. David E. Nye has been appointed executive director, administration, and Mr. Michael K. O'Connell, executive director, corporate finance, of CHEMICAL BANK INTERNATIONAL. The following become assistant directors: Mr. P. A. Bologna, Mr. S. R. Clasper and Mr. R. B. Tatgenhorst (banking and finance), Mr. A. P. Cornish (foreign exchange and money markets), Mr. I. W. Hopkins (tax and planning) and Mr. G. H. J. Pooley (international securities), Mr. W. D. Beardsley has transferred from the Midlands representative office of Chemical Bank, to the Nordic and Netherlands Group of Chemical Bank, London. Dr. D. Colyn Gardner has been made manager of the Midlands representative office.

★

Mr. John A. Hancox has been appointed director of finance for

Mr. John Hancox

SAVILLS, surveyors, to control finance and administration.

★

Mr. George F. Brantingham has been appointed assistant managing director of TARMAC ROADSTONE (SOUTHERN). He will deputise for Mr. Dennis Body managing director of Tarmac Roadstone (Southern), and take over additional responsibilities within the company.

★

Mr. David Russell has been appointed director and deputy chief executive of the JOINT CREDIT CARD COMPANY (Access), to succeed Mr. Ralph Lewis, who has retired. Mr. Russell was previously manager of National Westminster Bank, New Oxford Street branch.

★

Mr. Ken Glozier has been appointed sales and marketing director of the architectural division of TUDOR SAFETY GLASS COMPANY, part of the Doulton Glass Industries group.

★

Sir Robin Gillett has been elected vice-chairman of the PORT OF LONDON AUTHORITY following the death of Mr. John Meyer. Sir Robin joined the PLA board at the beginning of this year and is chairman of the PLA's Comprehensive Shipping Group. He was Lord Mayor of London (1976-77) during the Queen's Jubilee Year.

★

The following five exchange executives have been appointed by the CHICAGO BOARD OPTIONS EXCHANGE to new management positions: Mr. James M. Kelley has been named executive vice-president in charge of operations and marketing; Mr. Scott L. Lager becomes executive vice-president with responsibility for the membership and personnel areas of the exchange while continuing to oversee the legal and compliance units; Mr. Thomas N. Rzepski is now senior vice-president, research and planning; Barbara L. Kaplan has been made assistant vice-president of the exchange; and Mr. Joseph Marconi, director of communications and public affairs, will also be assistant vice-president of the exchange.

★

Mr. James McNicholas has retired from the board of AMES CROSTA BABCOCK, a member of Babcock International. He is succeeded by Mr. S. H. Greenhalgh. Also appointed directors of that subsidiary are Mr. J. J. Dennett and Mr. A. C. Lamouche.

★

Mr. Paul Thurston has been appointed by AB Asedahus of Vetlanda, Sweden, as head of ASEDAHUS (UK), of Bushey, Hertfordshire.

★

Mr. Jan Brockett has been appointed commercial director of NEWEY AND EYRE. Formerly commercial manager, he retains responsibility for the purchasing, marketing, property, transport and pricing departments. The company is a member of the Thomas Tilling group.

★

Three directors of GEC COMPUTERS are to have new responsibilities in a reorganisation of the company's board. Mr. George Hinchliffe becomes director and general manager, military products; Mr. J. W. (Peter) Reffen director and general manager, supplies and services; and; Mr. Colin W. Thurston, director and general manager, commercial and industrial products. They report to Mr. W. Alan Fraser, managing director.

★

The Prime Minister has appointed Lady Pamela Hartwell as a trustee of the BRITISH MUSEUM. She fills the vacancy caused by the retirement of Sir Ernst Gombrich on the expiry of his term of office.

★

Mr. J. T. D. Williamson has been appointed an additional director of BUNZL PULP AND PAPER. He is at present managing director of the subsidiary Filtrona.

★

Mr. M. J. Cattermole has been appointed financial director of TURNBULL GIBSON TRAVEL, and will be responsible for the accountancy and financial control of that company and Turnbull Gibson and Co.

Mr. David Acheson

BSM chief executive

Mr. David Acheson, until recently chairman and managing director of Kentucky Fried Chicken (GB), has been appointed chief executive of the BRITISH SCHOOL OF MOTORING in diversification moves by BSM to develop a fast food franchising operation. Mr. Acheson is chairman of the British Franchise Association. Mr. David Haddon, who has shared with Mr. Anthony Jacobs (chairman) the responsibilities for BSM since its reorganisation in 1973, continues with the group as deputy chairman.

CONTRACTS

Marconi wins £4m RAF order

MARCONI SPACE AND DEFENCE SYSTEMS, a GEC-Marconi Electronics company, has been awarded a £4m contract by the Minister of Defence to supply second-line automatic test equipment to the Royal Air Force. These will be used for in-service test and repair of the Sky Shadow Electronic Counter Measures pods carried by some Tornado aircraft of the Royal Air Force.

★

WATKINS-JOHNSON CO., Windsor, Berks., manufacturer of electronic systems, has been awarded a contract, valued at more than \$4m (£2m), by the Naval Surface Weapons Center, Dahlgren, Virginia, to build the U.S. Navy's noise jammer simulator. When completed in 1981, the computer-controlled system will emulate hostile jamming environments at the Atlantic Fleet Weapons Training Facility, Roosevelt Roads, to provide electronic counter-countermeasures training for Navy, radar operators.

★

DIXONS PHOTOGRAPHIC has signed a contract worth £1m with INTERNATIONAL COMPUTERS for the supply of 225 of the new 9512 point-of-sale terminals and six 9540 terminal controllers. Installation of the point-of-sale terminals in High Street branches will start before the Christmas shopping rush gets under way and be completed by mid-1980. They will be linked eventually to Dixons computer centre at Stevenage. Anglian Windows has ordered five ICL system "ten 120" computers worth about £110,000. They will be installed in offices in Norwich, Birmingham, Cardiff, Newmarket and Walton-on-Thames.

★

Following a recent order placed by the Danish Savings Banks for Olivetti equipment, BRITISH OLIVETTI has won an order worth £735,600 to supply the TSB with 120 Olivetti TC800 intelligent terminals. The TC800s will augment bank's existing network during a period of transition in which Burrough's terminals will be linked to a Sperry Univac main-frame.

★

MAN-VW TRUCK AND BUS has won a contract worth over £500,000 for the supply of 10 MAN SR280 coaches to Park's of Hamilton. The 12-metre-long vehicles, scheduled for delivery early in the New Year, will be the first to go into operation north of the border.

★

Six contracts totalling over £130,000 have been placed by the malting industry for 16 URQUHART CXA low NOx burners ranging in size from two to 16m Btu/h. Urquhart Engineering has developed a virtually zero NOx burner for use in direct-drying systems where food-stuffs are processed in contact with diluted combustion products.

★

BIRLEC has received an order, worth £100,000, from Avdel, industrial fastner manufacturer, Welwyn Garden City, for an electrically heated mesh belt conveyor furnace to be used for normalising and annealing of bolts, rivets, collars and various other fasteners in a wide range of sizes.

★

An order worth £100,000 has been placed by Tom Smith and Co., Norwich Christmas cracker manufacturer, for the installation of a SYSTIME 3000 computer.

★

The satellite terminal and electronic warfare division of MARCONI SPACE AND DEFENCE SYSTEMS, Stanmore, Middlesex, a GEC-Marconi Electronics company, has been awarded a major feasibility study contract by the Ministry of Defence to investigate the role of electronic warfare in support of the Army in the field. The work will be carried out by a consortium of companies with MSDS as prime contractor. The others are EMI (radar and equipment division) and Decca (electronic warfare division). The study is expected to last over the next two years and, when completed, it could lead to several years of equipment development and production running into millions of pounds and leading to significant export orders, says Marconi.

★

TAYLOR INSTRUMENT of Stevenage, Hertfordshire, is to supply £69,000 worth of pneumatic instrumentation for a fluid catalytic cracking unit under construction in Pembroke, South Wales, where it will serve the refineries of two oil companies. The order has been placed on behalf of Pembroke Cracking Company, a partnership of Texaco and Gulf Oil (Great Britain), by the main contractor, Snamprogetti.

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Oct. 17, 1979 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	29,084	+556
Scottish clearing banks	3,187	+153
Northern Ireland banks	1,034	+ 13
Accepting houses	2,250	+102
Other	7,149	+172
Overseas banks		
American banks	4,557	+ 80
Japanese banks	370	+ 26
Other overseas banks	3,341	+ 95
Consortium banks	319	+ 25
Total eligible liabilities*	51,291	+1,223
Reserve assets		
UK banks		
London clearing banks	3,723	+ 40
Scottish clearing banks	415	+ 13
Northern Ireland banks	149	+ 5
Accepting houses	309	+ 9
Other	952	+ 5
Overseas banks		
American banks	606	+ 1
Japanese banks	52	+ 3
Other overseas banks	494	+ 19
Consortium banks	52	+ 2
Total reserve assets	6,750	+105
Constitution of total reserve assets		
Balances with Bank of England	401	− 39
Money at call:		
Discount market	3,508	−133
Other	233	+ 7
UK, Northern Ireland Treasury Bills	1,124	+266
Other bills:		
Local authority	214	+ 42
Commercial	941	+ 26
British Government stocks with one year or less to final maturity	339	− 15
Other	—	—
Total reserve assets	6,750	+105
Ratios %		
UK banks		
London clearing banks	12.8	− 0.1
Scottish clearing banks	13.0	− 0.2
Northern Ireland banks	14.4	+ 0.3
Accepting houses	13.7	− 0.3
Other	13.3	− 0.3
Overseas banks		
American banks	13.3	− 0.2
Japanese banks	14.2	—
Other overseas banks	14.8	+ 0.2
Consortium banks	16.2	− 0.9
Combined ratio	13.2	− 0.1
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	366	+ 60
2—Finance houses		
Eligible liabilities	428	+ 12
Reserve assets	42.8	+ 1.0
Ratio (%)	10.2	− 0.1

Special deposits at October 17 were £770m (up £10m) for banks and £8m (unchanged) for finance houses. * Interest-bearing eligible liabilities were £33,162m (up £583m).

UK NEWS

● NEWS ANALYSIS—THE POST OFFICE BY JOHN LLOYD

Customer hopes rest on productivity

THE POST OFFICE is feeling defensive about the wide range of price rises in both posts and telecommunications which it announced late last week. The past year has been difficult for the corporation, as service declined and prices rose in both main businesses.

Pressure groups, MPs and the Government have waded in with brickbats. It was predictable, then, that the announcement last week should be accompanied by glossy charts showing that telecommunications price rises over the past five years have lagged well behind the retail price index, as well as the prices of train fares, butter and newspapers.

The price increases raise important questions: To what extent is it right that the Post Office should be the target of such attacks? Are its explanations for its troubles and its price rises justifiable or are they merely self serving?

First, the two sets of rises—although they happen to coincide—are different in nature. Postal prices went up last year by 1p. Last week it was proposed to raise them a further 2p in February.

The reason in both cases was straightforward. As labour costs rise, and as postal business costs are 80 per cent attributable to labour, then the price of stamps must rise, or productivity must improve or both.

Productivity, therefore, emerges as the key to relieve the postal customer. Sir William Barlow, the corporation's chairman, last week pledged to put his full weight behind a pro-

Sir William Barlow—backing for productivity drive.

ductivity and efficiency drive which had already started.

Later that evening, Mr. Tom Jackson, general secretary of the Union of Post Office Workers, told the annual dinner of the Mail Users' Association that he was ready to talk on productivity. But he said: "The Post Office approach is that you give us productivity now, and we'll give you the money later, and my lads aren't interested."

After a series of hostile questions, Mr. Jackson, who was a postman higher grade (sorter) for some 17 years, allowed his usual good humour to slip. He gave his audience a glimpse of the resentments which have so far prevented acceptance of productivity packages—low pay; desperately unsocial hours; rising overtime; threats to "deskill" the job by introducing casual labour and household circular deliveries.

Productivity, he said, had to be gained by improving conditions, not just by exhortations for working faster.

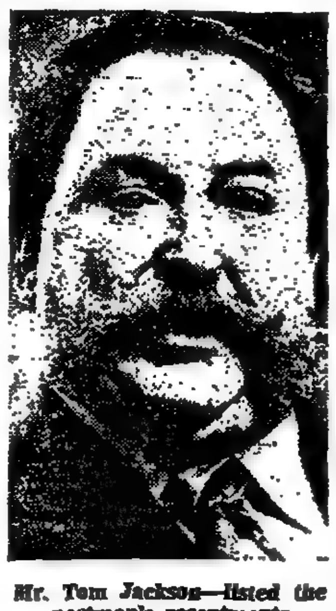
The corporation believes—and Mr. Jackson partly agrees—that it has gone some way to improve wages with the last 16 per cent wage deal. Now, it has to be paid for by the extra £160m it hopes to gain from increased charges (though it cannot tell how traffic will drop).

If the corporation has also provided for a firmer foundation on which to negotiate real productivity, the money will be well spent: even if it does not, it can be justified as necessary to pay the corporation's workers tolerable wages.

On the telecommunications side, the £495m which the business will gain in a full year from increased unit rates, higher rentals and connection charges and the swingeing increases in charges for business services, is needed on two counts.

First, to finance the growth and improvements programme and second to cover the £100m-£120m loss of revenue when the computer operators' strike prevented telephone bills being sent out.

The telecommunications business has been set stringent targets. It must show a 6 per cent return on net assets, a real



Mr. Tom Jackson—listed the postmen's resentments

fall of 5 per cent in costs and become completely self financing.

The current debate in the corporation is on the last element. A strong argument is being put forward for the introduction of a substantial proportion of loan financing, perhaps up to 20 per cent of its capital requirements.

The main benefit expected from this is that it would shift the burden of future investment away from present customers to future customers (who will, afer all benefit). They will "pay for" the investment through interest repayments when they are subscribers instead of, the present method of financing that investment in which investment costs are wholly met by the charges paid by today's subscribers.

But the Government is showing no enthusiasm for this notion. Instead, it is keeping the corporation tightly screwed down, refusing to relax its cash limits and constantly reminding it that both its postal and telecommunications monopoly are in jeopardy.

To meet its financial targets—they will not all be met in the current year—the corporation must improve productivity unless it is prepared to face the continual need for price increases. The postman will not easily be convinced that it is worth while.

Orion aims for unity of interests

By Michael Lafferty

A CLOSER working relationship between Orion Bank and its bank shareholders could be one of the main outcomes of the recent changes in the organisation's top management.

Mr. David Montagu resigned last month as chairman and chief executive of the consortium bank because of fundamental differences in policy with shareholders.

Mr. T. Jefferson Cunningham, the new chief executive, says there is "a great deal of room for Orion to do more work with its shareholders than it has done in the past."

But this will not lessen the bank's desire to be competitive, he says. "The only situation in which we will not compete with our shareholders will be when they are all seeking the same project."

Orion's shareholders are Chase Manhattan Bank, Credito Italiano, The Mitsubishi Bank, National Westminster Bank, the Royal Bank of Canada, and Westdeutsche Landesbank.

Mr. Cunningham says that Orion will continue to develop activities in its own right in international investment banking.

"As I see it, Orion should be constantly looking for new markets and services in the international money and capital markets."

The lending side of the business will be used more to support investment banking.

Mr. Cunningham, 37, has come out of semi-retirement. He was an executive director of Orion between 1971 and 1974, and was area director-Northern Europe with Chase Manhattan until 1977.

Ezra outlines energy strategy

BY JAMES McDONALD

A UNIFIED energy strategy was needed to carry Britain into the next century, otherwise the nation could be throwing away the advantages and the breathing space provided by North Sea oil and gas, Sir Derek Ezra, chairman of the National Coal Board, said last night.

He told the Rugby Chamber of Commerce that a four-point plan for a British energy strategy should be adopted to secure Britain's economic future.

The plan should provide controlled depletion of North Sea oil and gas reserves to maximise their life, clearly defined roles for coal and nuclear energy, widespread adoption of energy conservation, and more investment in long-term energy research.

Sir Derek said rising oil prices and the depletion of world oil resources would steer countries toward an immense economic crisis unless positive action was taken.

Britain and Europe in particular needed to come to grips with an unprecedented situation — that major natural resources were running out.

Britain's present position was an enviable one among the energy-producing nations. It had enough of its own oil and natural gas supplies to enable it to achieve self-sufficiency for about a decade.

It had coal reserves to last 300 years at present rates of production. It also had an advanced nuclear technology.

"It is sometimes suggested that if we have an advanced nuclear building programme, coal will not be wanted in the future. It has also been suggested that if we develop our coal resources to the full, there will be no need to expand the nuclear programme," said Sir Derek.

Nuclear power could never meet all Britain's energy needs, for it could not produce fuel for transport or processing.

Sir Derek said: "It is also certain that coal alone cannot meet the entire demand for electricity, fuel for industry, substitute natural gas, and all the products at present dependent on petrochemicals.

"Only an effectively co-ordinated energy strategy will enable the energy industries to plan their future investment programmes to serve Britain best in the years to come."

New stockmarket guide

CRUCIAL FACTORS in the success of personal investment are detailed in a new Investors Guide to the Stockmarket, by Gordon Cummings.

The guide provides knowledge necessary to make an informed choice about what to do with personal capital and savings. It gives a comprehensive insight into the make-up of the stock market.

"Investors Guide to the Stockmarket," Book Sales Department, Financial Times Business Publishing Ltd., Minster House, Arthur Street, London, EC4, £6.50, but £6 until December 31.

'Battered' law criticised

POLICE AND judges are implementing the Domestic Violence Act in a fickle manner, says a guide on the working of the new law.

The Act, which became law in 1977, was designed to give women better protection by allowing the police to arrest men who broke injunctions imposed by the courts to prevent battering.

The guide states: "It is clear that judges in some courts are only willing to grant injunctions where there has been some violence, and that they do not frequently enough attach the necessary power of arrest to an injunction.

"Many police officers are unwilling to use the power of arrest even if it has been attached."

Britain needs more high quality restaurants, says tourism chief

BY JAMES McDONALD

BRITAIN, particularly Scotland, urgently needed more high quality restaurants if tourism was to continue to flourish, Sir Henry Marking, chairman of the British Tourist Authority, said in Edinburgh yesterday.

He told students at a seminar organised by the Hotel and Institutional Management Association that British hotels' cooking and service had a reputation for years of being among the worst in the world. But that was before the advent of the hotel and catering schools which, for the past two decades or so, had provided industry with trained professionals.

Year by year the numbers of unskilled foreign hotel and catering industry employees had fallen consistently, to be replaced by our own skilled people. Today, said Sir Henry, the standards by Britain's hotels and restaurants were on a level with the world's best.

But he emphasised the importance of value for money if Britain was to remain at the top of the world's tourism league.

"I certainly have no wish to tell the trade in Britain what it should charge for its services, but I do tell it this: If we don't continue to offer value for money at all price levels, then we shall certainly kill the tourism goose which lays so many golden eggs for Britain.

"There are too many other countries waiting to pick up our share of the world tourism market and our own people will holiday abroad in even greater numbers where they can be assured of high standards, good service and value for money."

Tourism, said Sir Henry, was now one of Britain's major foreign currency earners. Some 12.5m visitors from abroad spending about £3.5bn were expected this year, while about 1.5m people throughout the country depended either directly or indirectly on tourism to earn their living. By 1985 the number of people employed in tourism could be as high as 1.75m and tourism earnings about £6bn a year.

Canal calls

CANALPHONE, the British Waterways Board's recorded information service about stoppages on the inland canals, has received more than 100,000 caller since it began in May 1975.

Attack on slow road building

THE Automobile Association yesterday criticised the slow pace of road building in the Midlands and East Anglia.

The association said that only four new stretches of Midlands motorway, totalling 36 miles, had been opened in the past 10 years. This was "proof of the stagnating road-building programme we have endured in the 1970s."

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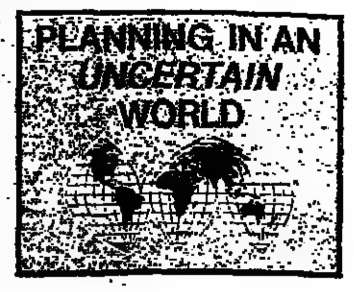
THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



How Shell plans to cope with 'an era of surprise'

THE DUTCH *chief* executive who was rash enough to declare at a major *international conference* that "Planning is just a waste of time nowadays, especially so-called *strategic* planning" can have had no idea of the hornets' nest he was stirring up.

Taking his statement as a challenge, we invited leading practitioners in various fields to investigate the reasons for planning's (largely justified) fall from grace in recent years, and to put the case for a more flexible and effective approach in the future.

Their articles, carefully written in plain English rather than the usual consultancy jargon, were complemented with an analysis of several new planning "tools," and published *in* June and July. The series attracted considerable attention, and many readers requested reprints. These will be available in booklet form from *November 12.**

There is evidently a large body of disagreement with the recalcitrant Dutchman, but equally obviously most companies are still searching for the "right" approach to planning for their particular needs. So we are today starting a regular monthly column on "Planning in an uncertain world."

To be published in the first week of every month, it will take a thoroughly practical look at how particular companies, in both manufacturing and services, are coping with the challenge. *It will* concentrate on one "case" each month, spotlighting small- and medium-sized companies in different European countries, as well as some of the best-known multinationals.

Instead of concentrating on theoretical techniques — the fault of many planning advocates — it will pay especial attention to the following key questions about the function and place within a company of an effective planning system:

● How can one make planning really flexible and responsive to "early warning signals" from the outside environment?

● How can planning be integrated into divisional and line management, so that it is no longer an ivory-tower function to which no-one pays any attention?

● Is it adequately appreciated that this is much more than just a question of linking the planning system to the company's controls, and vice versa? In particular, does top management realise that a really effective planning system both requires, and can help create, a more participative management style?

Some of the articles will provide a general analysis of how particular companies have been changing their approach to planning, while others will examine the actual role—if any—played by planning in making and carrying through specific business decisions (diversification, divestment, etc.). Failures, as well as successes, will be included.

As with the earlier series, jargon will be avoided wherever possible. The column will definitely not indulge in the all-too-common practice of attaching fashionable and spuriously distinct labels to various planning approaches.

This practice was demonstrated in a recent magazine interview with Professor Igor Ansoff, one of the world's leading planning specialists for 20 years or more. Ansoff was reported as dubbing the 1950s as the era of "long-range planning," the 1960s as the age of "strategic planning," the 1970s as that of "strategic issue management," and the immediate future as that of "weak signals management," otherwise known by the jaunty title of "surprise management."

To make matters worse, Ansoff was also reported as saying that "strategic planning" is essentially extrapolation plus some programming, *and that it is now inadequate.* While most enlightened managements would agree that extrapolation is indeed utterly inadequate, few—even those peopled by Ansoff disciples—would agree with his definition of "strategic planning."

The same article suggested that two companies practising the much-vaunted "strategic issue management" are Shell and U.S. General Electric. Yet both of them actually refer to their own systems by the much-maligned term of "strategic planning"—as the article itself indicates in the case of GE. (GE was featured in the introductory articles to our June-July series).

Enough said. Such are the hazards of labels and jargon. For the sake of comprehension, they should be avoided.

To set the scene for future articles in this column, today's takes a general look at Shell's current thinking and practice, through the eyes of a member of Shell International's group planning division, Richard Seidl. It is based on a paper he presented last month in London to the 1979 Corporate Finance Conference, organised by the Institute for International Research.†

* *Planning in an Age of Uncertainty. Available, price £1 plus postage, from Diana Twaites, Publicity Department, Financial Times, Bracken House, Cannon Street, London EC4P 4BY.*

† *Institute for International Research, 70 Warren Street, London W1P 5PA. Tel. 01-388 2663.*

Christopher Lorenz

Trying to mould the future without forecasting it

IF THE future is so obviously unpredictable, why bother to try and *plan for it? This was* the basis of the controversial Dutch businessman's remark that "In today's world there's no point looking further afield than a one or two-year budget," and that "anything longer-term is just not worth the paper it's written on."

Quoting the remark in his paper to the 1979 Corporate Finance Conference, Shell's Richard Seidl said that, at first sight, it might seem quite an appealing argument. But closer inspection revealed that this *train of thought could be* "enormously dangerous."

No business could go on for long without facing decisions, said Mr. Seidl. Some of these decisions would affect only the immediate future and could be updated—or even reversed—if conditions changed yet again. *Some others might have* a longer-lasting effect, but concerned only a minor part of the *business. Even if they turned* out to be wrong they would not ruin the company, he said.

But there were other decisions which really had a long-lasting effect and concerned major parts of a company. They could in due course change the very structure of a business, he continued. "Eventually they can make or break it."

There were really *only* three possibilities for handling *this* type of decision, said Mr. Seidl:

● Don't take the decisions until the future becomes clearer again;

● *Take the decisions* "*by guess* and by God," and hope for the best;

● *Or take them, in spite of all* the doubts, on the basis of thorough planning.

In contrast with the planning practice of the 1960s, it would not be enough this time just to have a few forecasts, warned Mr. Seidl.

The future would remain as unpredictable as ever, no matter how much time and effort was spent polishing the crystal ball. But a concerted effort by *planners and managers could structure it,* explore it and appraise the risks and opportunities that *probably lay ahead.* "*We will* never know what *will* happen, but we can achieve a pretty good idea of what conceivably *could.*"

Shell's basic approach has been *summed* up by Mr. C. C. Pocock, Senior Managing Director, as follows: "We believe in planning not in numerical *forecasts,* but in hard *thought* which aims to identify a consistent pattern of economic and social development."

Planning can make an essential contribution to management in at least five ways, suggested Mr. Seidl:

● *It can establish* a coherent framework of potential developments, against which a manager *can check his own perceptions* and concepts;

● It can help to identify potential opportunities and threats;

● It can provide at least the outline of a comprehensive framework for management's appraisal of its business portfolio and the allocation of resources;

● It can establish benchmarks to test different strategies for different futures;

● And it can be a company's "lookout", continuously watching emerging trends in social, economic and technological matters that could well be vital for the eventual success or failure of a business.

Such an approach to planning would have to allow for a wide range of possible developments, warned Mr. Seidl. But it would also have to be alert—"critically alert"—to possible changes in the overall emphasis of a company.

Instead of managing consistent growth, quite a number of managers were today faced with *enormous overcapacities in* one part of the business and quite new scarcities in some others, *said Mr. Seidl. Here again planning* could be of use by providing a view of potential futures, *which could help to achieve* the necessary reorientation.

But to do this, a deeper understanding of the planning process would have to be achieved, and the process would have to *be tailored to the specific needs* of each individual company.

Examining how all of this *applies to* Shell, Mr. Seidl began by emphasising the group's size and diversity. It consists of about 270 companies in more than 100 different countries, engaged in a fairly wide range of activities: in oil and natural gas; a diverse chemical business; marine; and more recently, coal, metals, consumer products and some nuclear interests.

Between them, these companies employed nearly *160,000* by the end of last year, and a total capital of more than $25bn. They *achieved total revenues* of nearly $50bn.

"The environment, *structure and activities of these* companies differ widely, so there can obviously be no all-pervasive planning system for such a *group," stressed Mr. Seidl.*

Some companies, like Shell Oil Company and Shell Canada — the *main operating* companies in the U.S. and Canada respectively — do not participate at all in any Group-wide planning system, he said. Others did so more or less according to their wishes.

But they all had constantly to make decisions. And to prepare *these decisions, most of them* used a systematic planning approach. For basic input they can obtain advice and guidance from the central planning function of Shell International in London, while they develop more specific input themselves.

The basic planning method generally practised within Shell is "scenario planning." It has been used in the group since the early 1970s.

"The scenario approach explicitly recognises the fact that it is impossible to forecast the future," said Mr. Seidl. Instead, it accepts that there is an enormous range of possible *developments, and attempts to "capture"* a number of possible futures. "Scenarios do not try and describe what will happen, but rather what could."

To be useful for planning *purposes and more* than "just an exercise in intellectual brilliance," scenarios have to comply with a number of requirements, said Mr. Seidl:

● First, all of them must be relevant to the business for which they are designed.

● Secondly, they must be comprehensive enough—rich enough in relevant detail—to provide an appropriate testing ground for the strategies which are to be checked against them.

● But thirdly, they also have to be limited enough both in number and in scope, to make their practical application feasible.

Mr. Seidl admitted that these requirements conflict with each other to some extent. So the *number of scenarios,* their content and scope would always have to be a compromise. The achievement of the right balance would probably remain as much of an art as a science.

Shell had found it useful to distinguish between two time horizons, for each of which separate scenarios are designed, said Mr. Seidl. It distinguished between a medium term of five years ahead and a long-term horizon of about 10 to 15 years.

All scenarios attempted to capture "elements" of possible *developments in the economic,* social, political and technological spheres.

In the medium term, economic developments provided the overriding feature; they were frequently cast in cyclical terms and expressed in ranges of gross national product, inflation, oil prices and so on.

For this period Shell frequently develops three or even four different and fairly detailed scenarios. They are constantly monitored, and updated every year.

For the longer term, the development work is concentrated more strongly on social and technological issues, said Mr. Seidl. Economic developments *would normally* be expressed in more general trends. As they capture developments which differ in essence and not just in detail, these long-term scenarios are referred to as scenario "archetypes." These archetype scenarios — Shell currently uses two—are updated when necessary, *perhaps every two or three years.*

The scenario approach to planning has proved to be very *useful, claimed Mr. Seidl, particularly* for companies with rather diverse interests. Over *the last few years an increasing* number of other companies had adopted it.

A recent *survey of U.S. companies* produced the following results:

Over 20 per cent of the companies surveyed used the multi-scenario approach, particularly the relatively high-turnover companies.

A similar distinction seemed *to apply to the length of the* planning horizon which these companies used, commented Mr. Seidl. There might be a direct correlation: the bigger a company, the longer it normally has to plan ahead, and the longer it plans ahead, the more useful are multiple scenarios.

The exploration of possible futures through the use of scenarios prepared the ground for the next essential step: the evaluation of available options. This was the step where concepts were cast into numbers and the question was asked: "what if?"

"What if the economy picks up again in x or y years? Are we prepared? What if a new discontinuity appears? Would we be faced with excessive over-capacity? Where, what, and how much?"

A reasonably complete evaluation of all possible actions and all possible consequences for *even a limited number* of futures rapidly became an enormous task, said Mr. Seidl. It was this aspect which had prompted some people to see planning as predominantly a "number-crunching" exercise.

"Planning cannot be complete without figures, of course, but the mere production of numbers is hardly a substitute for real-life planning," he emphasised.

Like Shell, said Mr. Seidl, a number of other companies had responded to today's uncertainties by redoubling their efforts *and developing* better ways of planning, in order to achieve more flexible and resilient plans for their businesses.

"To this end, a strong and continued commitment of management to planning is essential. Without it, planning can still end up as a useless and empty paper chase after ever-receding forecasts," the Shell executive warned. But with this commitment, planning had *proved to be "an essential tool* for coherent, critical managerial thinking in the face of increased *social, political and economic* uncertainty."

C.L.

LOMBARD

An inadequate White Paper

BY PETER RIDDELL

THE GOVERNMENT's Expenditure White Paper is an inadequate document. Whatever the merits, or otherwise, of the plans contained in it, the White Paper leaves readers little the wiser about the economic and social implications.

In part the criticisms arise because of the very briefness of the document. At 13 pages including explanatory and technical notes it covers an average of nearly £5½bn of expenditure per page. Mr. Nigel Lawson, the Financial Secretary, has described the publication of a White Paper now as a "bonus" since it has appeared over two months earlier than has been usual in previous years and ahead of a fuller document in January. I suppose we should all be duly grateful for this "bonus" but this does not explain or justify the exclusion of material which has been included in previous White Papers.

Meaningless

The main omission is of figures showing changes since the last Labour White Paper in January. The Government's reply is that such figures are meaningless since these plans never had any chance of being implemented. The obvious political point is that ministers wanted to minimise talk of cuts below earlier plans.

In the event, after an initial refusal to supply the figures they suddenly became available. They show that the Conservatives plan to spend more than Labour in real terms in 1980-81 on law and order (up £22m), lending to nationalised industries (up £100m), agriculture (up £26m) and overseas payments (up £11m). But the Government plans to spend less than its predecessor on defence (down £115m), industry, energy, trade and employment (down £586m), housing (down £1.8bn), and education (down £506m).

A more significant criticism concerns the style and approach of the White Paper. There is some highly evasive phraseology. References to stepping up the rate at which surplus school places are taken out of use and revising dental charges so as to maintain their 1979-80 level in real terms are a thin mask for closing classes and schools and for higher dental charges.

The White Paper is also a very political document, long on assertion but short on supporting economic analysis. The first two pages with their declaratory rejection of traditional demand management were clearly written by the political rather than the official side of the Treasury. Moreover, it has been repeatedly stressed that the White Paper plans are not based on precise quantifiable projections for the economy for the next year.

Yet such projections and a full medium-term economic assessment are available within the Treasury. Conservative ministers are entitled to their scepticism about forecasts and about what Mr. John Biffen, the Chief Secretary, has described as the "volatility of the science of economic futurology." But they should be consistent. If they do not believe in economic forecasting this work should cease inside the Treasury. This would require less than a tenth of the redundancies proposed at the Bank as a result of the end of exchange controls, though it would no doubt be over the dead bodies of certain top mandarins.

On the other hand if forecasting is to continue—and there is at present a statutory obligation to disclose projections twice a year—the full results should be published. This could always be done with some appropriate Government health warning. This is not just an academic point since the Government shortly has to decide the form of the forecasts to be published later this month.

Mr. Biffen has also hinted that the longer annual spending White Paper in January may contain less details than usual. If, as has been suggested, all this means is some rounding of figures for spending plans in later years no harm will be done. But it would be a mistake if the Government tried to reverse the important steps towards greater disclosure in recent White Papers—especially as these were partly the result of pressure from the Commons Expenditure Committee of which the Financial Secretary was for a time a prominent member.

Sinister fascination of the orchid

GARDENS TODAY

BY ROBIN LANE FOX

IN EARLY November gardeners might as well shut their eyes and start to think of England in spring. Some fine late colour is beginning to show on the less usual trees. The nerines are still in full flower. But the damp casts a melancholic air over it all.

We need something spectacular to which we can look forward. There is nothing more spectacular than an orchid, so I am laying plans to extend my few plants in the family, none of which needs heat or even a greenhouse.

Why are orchids so sinister? When they stand on those glorious exhibits at the yearly orchid shows, they never fail to alarm me. Like the late-night creaks in some castle of vampires, they owe much of their oddity to the narrowness of what we all think normal.

Orchids, many gardeners think, are not proper flowers. But I am not alone in feeling that they want to trap me. Male anxiety, no doubt, is the root of it, for orchids are indeed a trap for the male sex, quite apart from the moods that we father on their flowers. Their scent, shape and colouring play such a sophisticated game that I must alert you to it before you choose to give them space.

Earlier this year I found myself among a fine wild sweep of the little Bee Orchid, or Ophrys. It is one of the pearls of our southern limestone flora, at its best in June and July. It would thrive, no doubt, in gardens, although I trust you would never collect it from the wild. Any heart responds gaily to the sight of it, one of the most romantic flowers in Britain.

Romance, however, is its reason for existence. A field of Bee Orchids is the red-light district of British wild flowers. It is only there for the sex.

Quite how and why the Ophrys family were turned from the straight and narrow I leave to the evolutionary botanists, who are still puzzled. Other orchids give off a scent to attract their pollinators and hold up flowers that hem the pollinator inside.

This is subtle but not excessive. But the Ophrys have no nectar and no oils, nothing worth eating and no large pouch in which to trap visitors. Instead, their flowers are shaped like the insects they wish to attract. They give off a strong scent of the female bee. Their flowers look like a lady bee from the rear. They have the same soft hairs as a lady bee, the same little bumps and curves which any old male could pick out in the dark.

So well designed are their contours, so sweet their scent that some sort of Ophrys are more alluring to men than a female of their own. Who would want an emotional tangle when orchids lay it all on for free? You can pick the flowers from a European Ophrys, wrap it in thin paper and watch the furious efforts of any male bumble to get at it, drawn by the scent and the outline through its paper negligee.

All is not female, however, that is curved and scented. The bee lands on the flower and starts to mate with it. Pollen is thrown to the winds, as the Ophrys intended. The flower's female parts receive the spin-off smugly.

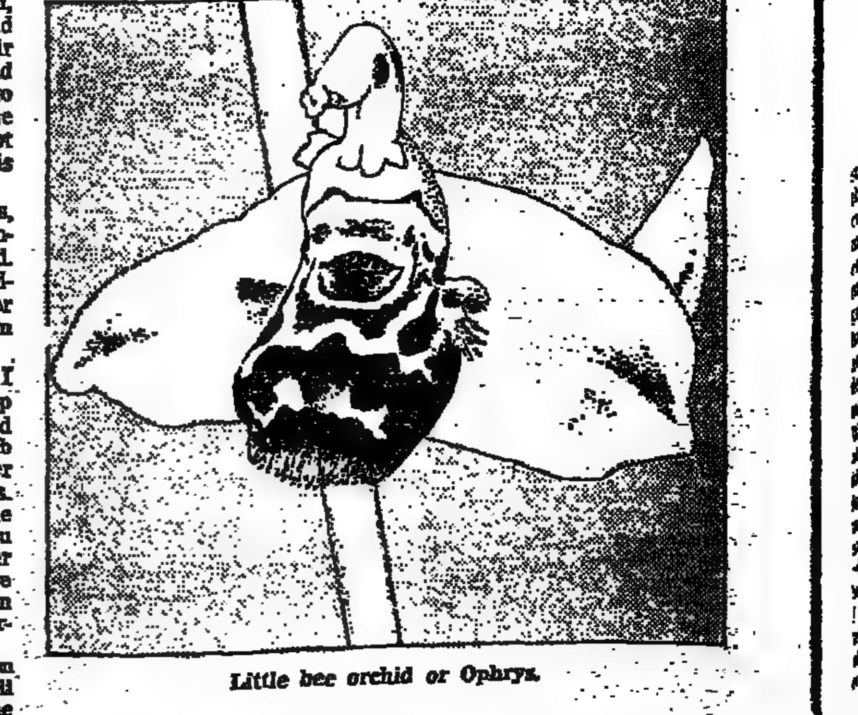
But the bee never reaps a reward. First, it blames the particular flower, not the species of sham females. Off it will fly to a neighbour and try all over again.

If you watch patiently in some countries, you can see a weary bee biting and stinging the last bee orchid on its progress, fed up at being taken for only half a ride. In Britain, most native Ophrys have had to reform themselves. Their pollinators have given up and died out, so they now have to fertilise themselves. But the shape of the flower has not yet altered, so the evidence is still on view.

Among European wildflowers, I know of nothing more ingenious than this small orchid. It gives substance to those feelings that the family is rather sinister, for a similar concern runs through them all.

In the garden, however, I would not put the Ophrys group at the top of the list. I would turn instead to a specialist bulb nursery, anyone from De Jager of Marden, Kent, downwards. For a sheltered place in shade outdoors, they can offer you roots of the Ladies Slipper Orchid, or Cypripedium, whose flowers catch their visitors in their entrance and their slipper-like pouch.

If I had a warm town garden and thought of building a small wall of peat blocks to give me something special in a narrow space, I would try these superb orchids as an outdoor plant. The one called Reginae has rounded white flowers with a charming pouch of rose-pink. It is even prettier than ordinary Calceolus, the yellow and brown Ladies Slipper of the European alps. At £2 or so each, they are still excellent value. They will not have been looted from the wild if offered by a good source.



Little bee orchid or Ophrys.

They like damp, leafy conditions, easily contrived in a town back-garden. Otherwise, you can grow them in a pot, but you must keep them out of direct sun and remember to water them steadily. For delivery next spring, they would make an unforgettable present.

You know the larger sorts, perhaps, which thrive in heated greenhouses, especially those that are white and ivory, veined with green. They, too, are marvellous, but like the similar family of Cyclamen, they are no less beautiful in wild and hardy forms.

Lock up your men-folk; choose a shady place; feed them well and mark them when they disappear in winter. Then you, too, can have orchids for little bother outside the back door.

Born to Reason looks sound

RACING

BY DOMINIC WIGAN

OWEN GLIN, successful on his first appearance last season, can repeat the triumph in today's Seven Barrows Handicap Hurdle at Newbury.

Mr. Dan Prenns' five-year-old, whose initial success over the minor obstacles came in a Panama Cigar Hurdle qualifier here, went on to land Lingfield's Heddon Novices Hurdle before taking third place behind Appallato and Slasher in the Panama final at Chepstow in March.

There was no disgrace in Owen Glin's failure to maintain his 100 per cent National Hunt record. Faced with his stiffest task of the season, he had little time in which to bring his most formidable asset, great stamina, into play. It was clear that two miles was on the sharp side for him.

Although Owen Glin again tackles two miles today, I anticipate his class carrying him through against the dual course winner, Dutch Treat.

A second possible winner for Winter and Francome (returning from an enforced lay-off) is Vitrek, among the runners for the opening division of the Cold Ash Novices Hurdle. Although this three-year-old could only finish fourth when favourite on his debut, he will doubtless have come on a good few pounds in Winter's hands.

Nevertheless I doubt if he is good enough to cope with that high-class recruit from the Flat, Born to Reason, who delighted his trainer, Fred Rimell when third to the 7-4 on Hill of Slane in a division of Binfield Juvenile hurdle at Ascot eight days ago.

In the north, Jonjo O'Neill, our outstanding jump jockey, can score at Carlisle on Sovereign's Escort and My Buck.

The best bet from this duo is probably My Buck

NEWBURY
1.00—Born to Reason***
1.30—Physicist
2.00—Owen Glin**
2.30—Hikari
3.00—Anthony of Padua
3.30—Locksley

CARLISLE
1.15—Sovereign's Escort
1.45—My Buck*
2.15—French Pin
2.45—The Tinker
3.15—Duc de Bolebec
3.45—High Level Lad

TV Radio

BBC 1

†Indicates programmes in black and white

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Tarzan, Lord of the Jungle. 5.00 John Craven's Newsround. 5.05 The Enchanted Castle.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Angels.
7.10 Star Trek.
8.00 Mastermind.
8.30 Terry and June.
9.00 Party Political Broadcast by the Conservative Party.
9.10 News.
9.35 The Risk Business.
10.10 Sportsnight.
11.10 News Headlines.
11.12 Parkinson and guests.
12.07 am Weather / Regional News.

All Regions as BBC 1 except at the following times:—

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.10-11.10 European Sportscene. 12.07 am News and Weather for Scotland.

Wales — 11.02-11.22 am I Ysgolion. 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05 Pawb Yn Ei Fro. 7.35-8.00 Angels. 12.07 am News and Weather for Wales.

Northern Ireland—3.53-3.55 am Northern Ireland News. 5.55-6.20 Scene Around Six. 8.30-9.00 Spotlight on Northern Ireland Affairs. 12.07 am News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School.
†5.40 pm Flash Gordon's Trip to Mars.
6.00 Adventure at Sea.
6.50 Day Out.
7.20 Mid-evening News.
7.30 The Old Grey Whistle Test.
8.05 The Book Programme.
8.30 Discovering English Churches.
9.00 Party Political Broadcast (as BBC 1).
9.10 M*A*S*H.
9.35 Playhouse.
10.55 Something Else.
11.35 Late News.
11.50 Closedown reading.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Pipkins. 12.30 Farmhouse Kitchen. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Armchair Thriller. 2.00 After Noon Plus. 2.45 General Hospital. 3.45 Definition. 4.15 Kidsworld. 4.45 Fanfare for Young Musicians. 5.15 Sam.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Lingalongamax.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Conservative Party Political Broadcast.
9.10 Quatermass.
10.10 News.
10.40 Nancy.
11.25 Facts for Life.
11.55 The Andy Williams Show.
12.25 am Close: Personal Choice with Dame Flora Robson.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.55 The Big Question.

BORDER

1.20 pm Border News. 5.15 Jabberjaw. 6.00 Lookaround Wednesday. 11.55 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 5.15 Clue Club. 6.00 Report at Six. 9.00 Vision USA. 10.38 Channel Late News. 11.25 Police Surgeon. 11.55 Facts for Life. 12.20 am Epilogue, followed by News and Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 5.15 The Krypton Factor. 6.00 Grampian Today. 11.55 Police Surgeon. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live from 2. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 The Squirrels. 11.55 George Hamilton IV.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Cartoon-time. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Country Comes West. 11.55 George Hamilton IV.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.45-5.15 Rydw'i Am Fod. 6.00-6.15 Y Dydd. 6.30-7.00 The Mighty Micro.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News Headlines and Road and Weather Report. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.30 The Krypton Factor. 11.15 Late Call. 12.00 Police Surgeon.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 You're Only Young Twice. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East area only). 11.55 Southern News Extra. 12.00 Devine Country.

TYNE TEES

9.20 am The Good Word, followed by North-East News Headlines. 1.20 pm North-East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 11.55 Barney Miller. 12.25 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Family Matters. 6.30 You're Only Young Twice. 11.55 The Practice. 12.25 am Bedtime.

WESTWARD

12.27 am Gus Honeybun's Birthdays. 5.15 Clue Club. 6.00 Westward Diary. 10.38 Westward Late News. 11.25 Police Surgeon. 11.30 Facts for Life. 12.20 am Faith for Life. 12.25 West Country Weather.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.55 The Odd Couple.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.5vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 B. A. Robertson. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 12.30 pm Pete Murray's Open House (S). 2.15 With Radio 2. 8.00 Listen to the Band (S) (continued from Radio 2). 8.15 The Magic of the Musicals (S). 9.02 Green On . . . Youmans: Benny Green talks about Vincent Youmans (S). 9.55 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 European Soccer Special (part 1). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Listen to the Band (S) (cont. on VHF). 8.00 European Soccer Special (part 2). 9.30 Green On . . . Youmans (S) (joins VHF). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Geoff Bennett (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Record requests, part 1 (S). 8.00 News. 8.05 Records, part 2. 9.00 News. 9.05 This Week's Composer: Sibelius (S). 10.00 Music for Organ (S). 10.25 Music from Southampton University (S). 11.10 Northern Sinfonia Orchestra concert, part 1 (S). 12.05 pm Interval Reading. 12.10 Concert, part 2. 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Fifty Years of British Music (S). 3.25 Hungarian State Symphony Orchestra concert, part 1 (S). 3.55 In Short (talk). 4.05 Hungarian State Symphony Orchestra, part 2 (S). 5.10 Young Music-makers (S). 5.25 Homeward Bound (S) including 5.45-5.50 News. 6.15 At Home (S). 7.15 Music Now: Opera at Charterhouse. 8.00 BBC Symphony Orchestra concert, part 1: Berlioz, Debussy (S). 8.55 Six Continents. 9.15 BBC Symphony Orchestra, part 2: Buller (S). 10.05 Opera Management in the 17th Century, by Jane Glover (S). 10.45 Mozart String Quintets (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Russell Harty. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Prestor John. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Double Act. 12.55 Weather; programme news. 1.00 The World at One. 1.35 Party Political Broadcast by the Conservative Party. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures. 8.15 Pen to Paper (S). 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Three Piece Sweet (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time. 9.00-5.00 am Join Radio 2.

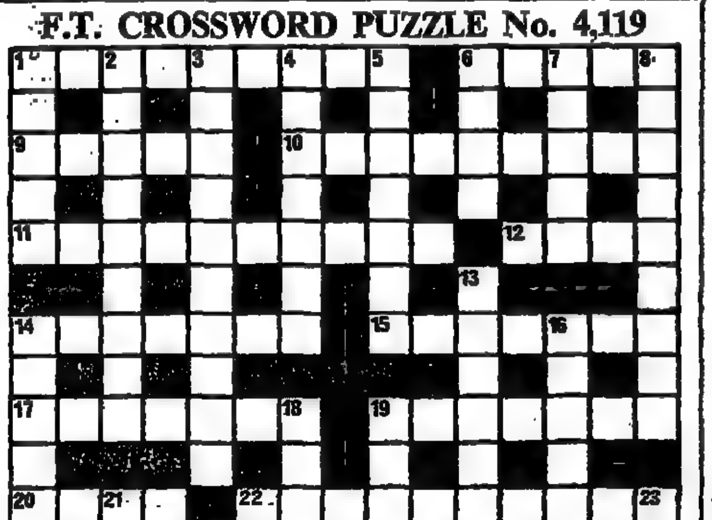
London Broadcasting

5.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 Jazz After Eight with Keith Howell. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Alan King. 4.00 Jazz in Stereo. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 am Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,119



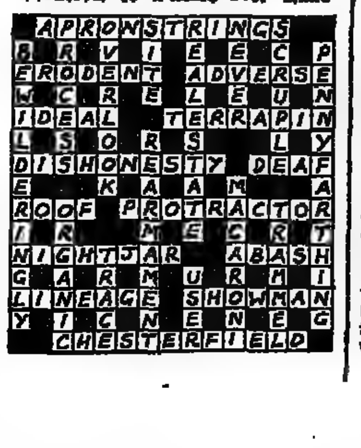
ACROSS

1 Preliminary examination held in chemical laboratory (4-5)
6 Silent airman embraced by bird (5)
9 I pry around in row (5)
10 Help to turn in restricted supply of food in diffusion (9)
11 Monster bird getting at grain (10)
12 Wager article will follow in letter (4)
14 Try it in revised term (7)
15 Part of Lambeth I call moral (7)
17 Smug Independent member is an Indian chief (7)
19 Climbed up outhouse outside pub (7)
20 Left one member drooping (4)
22 Supporter in tempest has sudden inspiration (10)
25 Referred to citation to editor (9)
26 Adore to change and be impelled by rowing (5)
27 Large candle from church beyond hill (5)
28 Separate part of grain bit by bit (9)

DOWN

1 Note for medicine? (5)
2 Irritation in insect bite could require work with needle (9)
3 Putting a rising artist in costly surroundings may be risky (10)
4 Describe the fish following the wine (7)
5 Little root I'd clear out (7)
6 Contemptuous person to notice (4)
7 Joint at centre of machinery (5)
8 Provided with feelers in shelter wrongly laced (9)
13 Multiple shop with tea in stock (5-5)
14 Spell on boundary within which something has to be done (4-5)
16 Study track in open space at railway station (9)
18 Vegetable and fish to cut up (7)
19 Fraud or twist left in the south-east (7)
21 Soldier with heraldic gold in nobleman's land (5)
23 Mannequin having fashion direction (5)
24 Religious Instruction on church is ample (4)

Solution to Puzzle No. 4,118



هكذا من الأصل

THE ARTS

Television

Another success in the air

by CHRIS DUNKLEY

One of the continuing pleasures of television, and perhaps the greatest factor in keeping critics going at a job which might otherwise drive them all crazy, is the unforeseeable nature of so many of television's greatest successes. Who could have predicted that a series of art lectures by an elderly academic would achieve the enormous success of *Civilisation?* What chance would any reasonable person have given to the idea of a comedy series about a foul mouthed old rag and bone man and his pig headed son named *Steptoe?* Or to a long adaptation of Robert Graves's book about Roman history called *I Claudius?* Or to the re-creation of the cartographic voyage of HMS Beagle in *The Voyage of Charles Darwin?*

Of course we cannot expect such smash hits to turn up every week or even every month; it may be unreasonable to expect an average of more than one a year or so. But looking for such quality in seemingly unlikely places is in itself a tantalising pleasure. Nor does the programme have to be in the all-time-great category to be highly rewarding.

A seven part documentary series about flying sounds at first like a completely predictable undertaking. You could write the scenario yourself, from the sepia tinted opening of a boxy biplane to the final full colour footage of the Hawker jump jet, via miles of archive film showing The Few in their Spitfires (not to mention the many in their Flying Forts).

But as the first episode of BBC2's *Diamonds in the Sky* proved, you would be quite wrong. For a start the series is not about war planes but about civil aviation. Furthermore, if the opening episode produced by Harry Hastings is typical, it is not primarily interested in the machines themselves being concerned less with aeroplanes than with flying and the question of what the conquest of the air means and does to mankind.

Perhaps we shall back track later to get at some of the history of civilian flying, but the opening episode took what sounds like the very eccentric decision to look almost exclusively at Papua, New Guinea. In one of the most bizarre sequences I can recall from serious television, we watched hill tribesmen in feathers and war paint carrying their spears and shields uncuriously aboard an aeroplane. They looked just about as excited as the average accountant catching the Edinburgh shuttle, which is hardly surprising since they seem to fly pretty well as often. Yet reporter Julian Pettifer — in a fetching Attenborough tropical rig of shorts and knee length socks—informed us that their fathers had been head hunters, and not long ago.

He never told us what make of aircraft was being used. But film from the pilot's point of view showed what it is like to land in the New Guinea mountains — rather like touching down on the ridge pole of a marquee—and Pettifer did find us the local airline's startling statistics: 134 regular destinations, 290 takeoffs and landings a day, many flights lasting a matter of minutes, and so on. Comments from academics such as historian J. H. Plumb, who talked of all humans having curiosity about different environments, brought a more familiar tone to the programme and edged one finally into the realisation that this is not a breathless technology series but something closer to anthropology.

Interestingly tomorrow evening the second episode in the series will be preceded one and a-quarter hours earlier on the same channel by *Rolls Royce* from Duxford airfield, a programme organised by the Rolls-Royce Enthusiasts' Club to mark "75 years on wheel and wing." It sounds likely to be all the things that *Diamonds in the Sky* isn't. The best thing about *Diamonds in the Sky* is that, like so many of those other unpredictable series, it is not only wonderfully entertaining but simultaneously mind-expanding.

It also turned out last week to be just one constituent in a whole evening of remarkably high quality television. The BBC's weakness in day to day current affairs is rapidly becoming a scandal and if their problems in launching *Newsnight* (described here five weeks ago) are not solved very soon they will surely have to attempt some stopgap measure—the gap is now shamefully large. However, *Newsweek* and Richard Kershaw are still doing the intelligent and civilised job we have come to expect, and last Thursday's programme on prisons produced by Peta Deschampsneufs was no exception.

Wednesday's Child by Elaine Morgan was a deeply impressive although saddening documentary drama about secrecy in the medical profession, detailing the true case of parents who were quite unable to obtain information about the errors in an operation which led to their son's brain damage and ultimate death. It was kind of director Brian Parker to note in a postscript the infrequency of such disasters. But anyone who has ever tried to extract information from unwilling hospital staff, or has been asked—as I have—to sign a blank operation consent form "Because that's the way we always do it, duck," will have shuddered in horrified recognition at the attitudes depicted here.

That brought us to *Diamonds in the Sky* which in turn led on to *China Chopper*, yet another programme about the country which is suddenly obsessing television. It was even felt necessary for Margot Fonteyn to turn up in Shanghai for two minutes or so at the start of the bitty and shapeless first episode of *The Magic of Dance* to which I wish to return in a later column.

Since *China Chopper* was billed as being "Produced by the Chinese News Reel and Documentary Film Unit, The People's Republic of China" one had every reason to expect another hymn to tractor production and Our Glorious Militia, but in fact this turned out to be an airborne travelogue with much, though not all, of the charm of the *Bird's Eye View* series. It certainly showed some astounding sights—a massive cocoa coloured river, the Shanghai waterfront outlined in neon, and a vast ancient Buddha cut from the living cliff—and required none of the scepticism necessary for most China programmes.

Finally, on BBC 1, came the last of Elwyn Parry Jones' excellent series of *Shirley Williams in Conversation*, this one with James Callaghan. Both participants are, of course, practised television performers, neither was intent upon giving the other a hard time, and in today's political spectrum they both look attractively moderate. Despite all that it could easily have been just another boring political chat, but it wasn't: Mrs. Williams asked what the Labour Party should do about its old ideals of fraternity and political freedom and Mr. Callaghan said candidly, "I don't think I know the answer to that Shirley. If I did perhaps we'd have won the last election."

He also admitted that as Prime Minister his heart sank when Mrs. Williams did her speech about freedom of information and open government; she replied that she had "sung a duet" with Mr. Benn on the subject, and Mr. Callaghan claimed that they were both wrong. He also predicted that Jimmy Carter would win the nomination from Teddy Kennedy, and suggested talks now between the West, the Organisation of Petroleum Exporting Countries and Russia to avoid a war over the last of the oil in 20 years time.

It seemed, in fact, to be a genuinely honest and outspoken discussion of a sort which one wishes politicians would have on screen while they are still in government.

*

Of course ATV's report on the hell which Cambodia has become was appalling and terrifying, yet the programme could have been more effective. Beyond a certain point sheer magnitude passes human comprehension, and 2,000,000 starving is past the point. Concentration on one or two specific examples would have been advisable. Even more mistaken was the political topping and tailing by reporter John Pilger who seemed to imply that American bombing actually created the mad murderer Pol Pot and the Khmer Rouge. Since all viewers know that this is nonsense, consciences were given room to doubt the rest of the programme.

A scene from 'Diamonds in the Sky': Julian Pettifer in the highland village of Tep Tep in Papua New Guinea

Warehouse

Captain Swing

by B. A. YOUNG

The Swing rebellion, of which I hadn't heard until the RSC put this play on last year, was an uprising of farm-workers demanding higher pay. They broke farm machinery and they burnt ricks, but they hurt no one. This happened during the reign of our last King William.

Peter Whelan has not written a documentary piece about it, but a romantic melodrama peopled with fustian characters. The historical element in the play is interesting, but the dramatic part is in another key altogether. "Captain Swing," the legendary leader of the rebels, is a man on the point of death, hardly able to utter a coherent sentence, yet twice transfigured into a tall, upright, well-dressed man capable of commanding a crowd of countrymen. This happens twice, and left me bewildered both times.

Much of the play is too vivid for belief. We have this girl Gemma, a country harlot, who becomes a kind of Joan of Arc, says things like "The tree of liberty was splashed with female blood," and holds up the rebels' task of pulling down a workhouse by making a speech in the vein of Henry V, although the dragoons are almost on them. There is a dashing old Granny acting as Mother Courage to the rebels. There are scenes with melodramatic curtain-lines; and there are scenes a-plenty which do not further the action at all, but add dubiously relevant detail, such as the soliloquy of poor Agnes, the fight between the villagers and the drunken Corporal Moat, the flogging of John Povey.

The style suggests a romantic novel by someone like Rafael Sabatini, or (for younger people) a six-part Sunday evening serial on BBC-1. It is nicely played, and the less exaggerated characters, like Matthew Hardeness, the local rebel leader (David Bradley) and Michael O'Neil, the Irish radical (Paul Moriarty) can sometimes compel belief. Zoe Wanamaker's playing of Gemma is fine, but Gemma is not a real person. Swing himself, masquerading as a salesman, gives Malcolm Storry an ungrateful part, lying down and mumbling most of the time.

I found the evening went very slowly, and though I'm glad to know about Swing, I couldn't raise any interest in Hardeness, O'Neil, Gemma or any of them. The hard-working director is Bill Alexander.

Arts Theatre, Cambridge

From the Greek

by MICHAEL COVENEY

Frederic Raphael's curiously inept and uncharacteristically dull new play is a sort of nightmarish amalgam of the Oedipus myth and Hitchcock's *Psycho.* For some reason that is never made clear, the scene is a run-down hotel in Arizona. Tony (as in Perkins?) has stayed on after the death of his father to help run the place with his mother. His newly divorced brother George, a lawyer, comes to visit with Anna, his beautiful black girlfriend (nicely played by Muriel Odunton).

In the course of 24 hours, in a series of flashbacks, we learn how Tony acquired his swollen foot when driving his father off the road. Unlike in Sophocles, the murder was premeditated, as Dad used to boast of being a sailor from the age of 12, taunting his weedy son for having more friends in the library than in life. And, all the time, Mum wanted Tony "back inside her." (Ouch!) When an officer comes with news of the "accident," Maxine Audley leads Tony upstairs with a laughable variation on Garbo's famous line: "I *don't* want to be alone."

When in doubt of what to do next, Robert Atkins used to say, go downstage and do a little dance. This is precisely what Rowland Davies as Dad does at one point, by way of asserting himself as a Zorba-like *macho* man. The next we hear of him, he is dead, a fate Mr. Davies's choreographic display fully merits. When the brother learns that Tony is his father, Mum dresses up in her Sunday best, leaves the hotel for the first time in 20 years and drowns herself. An appropriately wet conclusion.

When Mr. Raphael adapted the early part of his TV series *Glittering Prizes* for the Leicester Haymarket, the smartness of the writing at least compensated for the lack of stagecraft. Here, Jonathan Lynn's galumphing and unbelievably straight-faced production for the Cambridge Theatre Company is sporadically memorable only for the intensity of James Aubrey's acting as Tony, nuzzling at Miss Audley's stomach and chewing laconically over the family problems like James Dean in the wrong film. I am incapable of deciphering any impulse whatsoever behind the whole sorry mess and finally succumbed to the giggles when Tony rounds on his brother with the accurate accusation, "You're a *real* bastard."

T. S. Eliot Lectures

Dr. Donald Mitchell, the authorised biographer of Benjamin Britten, will be delivering the 1979 T. S. Eliot Memorial Lectures on the theme *The Year 1936: Britten and Auden in the Thirties.*

The lectures will be held from Monday to Thursday, November 26-29 in the Cornwallis Lecture Theatre in the University of Kent at Canterbury at 6 pm. The lectures are open to the general public, admission is free and no tickets are required.

Festival Hall

Menuhin

Fifty years ago on Sunday Yehudi Menuhin made his London début in a recital at the Queen's Hall. This golden jubilee was celebrated, a day late, in the Festival Hall; Mr. Menuhin was partnered by his sister Hephzibah and the two of them were then joined by a quartet from the Menuhin School for a performance of Chausson's Concerto for violin, piano and string quartet. The Chausson is a rarity apparently out of place in such a context, but nevertheless it provided a reminder of the other, educative side of Menuhin's genius.

The focus of the evening, naturally enough, was Mr. Menuhin's performances, and he chose to celebrate with the twin pinnacles of the violinist's chamber repertoire, the Kreutzer sonata and Bach's D minor partita. In the Beethoven sonata there were moments of the authentic, glorious Menuhin approach the sudden phrase of disarming simplicity, the uncanny ability to select and project the salient features of each musical paragraph the almost burnishing of the violin line. But too much was rushed, too many details were scrambled, too often technical problems got in the way of the sweetest filigree decoration. Felicities in this performance of the sonata seemed incidental and scarcely paved the way for the glorious account of the D minor partita that followed.

All insecurities, blemishes, now dropped away in the opening bars of the allemande; the performance became plastic, deepening as it progressed, sometimes introspective almost to the point of non-communication (the audience always held in touch by the slenderest of threads), sometimes boldly dramatic. Technical problems seemed non-existent even in the stickiest passages of the chaconne; Mr. Menuhin, for a moment, regained his greatest, transcendental form and fully deserved the standing ovation accorded him.

ANDREW CLEMENTS

New Music in Hungary —2

The New Music Studio

by DOMINIC GILL

In my first article on the festival of *Korunk zenéje — contemporary music* — this autumn in Budapest, I mentioned the special virtues that have marked the festival's path to maturity during the five years since its debut in 1974: the exceptional quantity of new Hungarian music, of consistently high quality, that its programmes have presented; and also in particular the very comprehensive view those programmes have offered of the whole spectrum of Hungarian new-musical activity.

Just how diverse that spectrum is I have described here on a number of occasions during the past five years. The foreign visitor—reminding himself again that the population of the nation of Hungary is actually less than that of Greater London — can marvel at its energy and breadth of range; and it is exactly that breadth which the days of *Korunk zenéje* in recent seasons have been able, and willing, to reflect. So it was the more disappointing to discover at the sixth festival the odd omission, without note or comment, of any recent work at all by composers of the lively New Music Studio, home of the more experimental wing of new Hungarian music. No piece of Zoltán Jeney, László Vidovszky, György Kurtág Jnr, Barnabas Dukay or Gyula Csapó in this year's programme; and only two works of László Sáry, the Studio's senior founder member, neither of them characteristic, composed respectively nine and 11 years ago.

Had six or seven composers together decided on a sudden, collective change of calling?—the idea was absurd, and belied at once by a busy autumn programme of Studio events displayed in the offices of the Philharmonia. No explanation was forthcoming: but informally, hors-festival, I heard on tape more than enough interesting new works by Studio members to have filled a splendid concert programme. During the previous season, the Studio had organised and presented, with little administrative help, a series of no less than 35 concerts around the country and in Budapest, mainly of first, or first Hungarian, performances. Their programmes might have been the envy of our own SPNM or Park Lane Group: they were, at the very least, not a force to be usefully ignored.

Circus of László Vidovszky, whose *Death of Schroeder* and *Souvenir de J* so impressed me in past years, is not heard to best advantage on tape. The physical disposition of players, audience and eight loudspeakers is fundamental to the effect of the piece; and the contrapuntal detail, if not the broad outline, changes with every performance. But even crudely, in its unelaborated form, the music (and the idea of the music) was striking. The notes of the score find their way to the loudspeakers through a network of interactions, partly linked, partly separate, of three organists and six "controllers": complex sound-maze from which tiny details, juggling points of light and shade, emerge, and as quickly disappear. I should love to have heard it live, and fully organised.

Like his *Pontpoint* last year, Zoltán Jeney's *Apollonhóz* for voices, organ, cor anglais and percussionists is not so much a "concert" piece in the traditional sense as an austere and solemn ritual: a Greek text set to a precisely notated permutation of scales, without tempo or dynamic variation, articulated by a stochastic mix of 28 ancient Greek rhythmic sets. The effect of hypnotic reassuring, strangely beautiful: music out of time, out of place.

But two other recent works of Jeney's I heard on tape were as different from *Pontpoint* and *Apollonhóz* as they were from each other. *Laude* is an orchestral random mix, linearly shuffled, of the Adagio of Mahler's 10th symphony. Each instrument of the orchestra plays its own part, and each note retains its original duration, pitch and dynamic; only the order of notes, and rests, is changed. The textures alone remain: extraordinary to find (and perhaps the chief point of the exercise) how much of their unmistakable quality is preserved, how irreducible is the vertical, as much as the horizontal, quality of a Mahler score, even fundamentally rearranged. *Glass and Metal* was pure tape-music: an exhilarating collage of four "voices" made of *concrète* sounds from an iron-foundry and a glassworks, modified by means of pitch-modulation but without any other direct electronic treatment, grandly conceived, powerfully sustained. Four pieces alone (and there were many more) which together could have made a fine programme—and restored vital balance to the festival.

It was no disappointment for me as a visitor—but doubtless disappointing to some *budapestiek* — that the highlights from the rest of a busy week were mainly Hungarian. There were foreign guests, but none of them substantial. Sylvio Gualda from France gave a slick demonstration of percussion gymnastics that was visually intriguing, but musically dull. An unlikely *Camerata Strumentale* from Turin had borrowed the name, but unfortunately no part of the talent, of the late, great Alfredo Casella. The Chamber Soloists of the Berlin Komische Oper gave a short recital of serious, respectable pieces, all beautifully played, but none more than gently pleasing. Only the "Nuestro Tiempo" Ensemble from Cuba, I thought, offered a programme of real originality or flair (and for various reasons, none of them musical, the concert hall that night was nearly deserted): as well as a good account of the lyrical but overlong guitar concerto of Leo Brouwer, they gave fine performances of works from the 1930s by the two founders of the modern school of Cuban music, Alejandro Caturla and Amadeo Roldan — Caturla's *Bembe*, catchy, Caribbeanised Hindemith; and two brilliant numbers from Roldan's *Ritmicas* scored for percussion band alone.

Eight chamber works in a recital on the festival's fourth day had in common one instrument, and one virtuoso, the flautist István Matuz. I have told here many times of Matuz's electrifying musical presence, and his ability to turn the commonest musical metal into gold. It was a glittering evening, of many high points: a dramatic, tightly-wound *Movimento cromatico indiretto* for piano, percussion and flute by József Sári (the brother, in spite of the different spelling, of László Sáry); a solo for bass flute by István Láng, ruminative, cast deep with shadows, a night wind in dark woods; a brilliant duo for flute and percussion, *Sospiri e gridi* by József Bakki, imaginative and keenly shaped; an interesting *Variations No. 6* by László Martos for flute with three instruments and percussion, curious hybrid, its primitive motor-rhythms and free "melodic" fragments enclosed by a rather severe constructivist frame derived from the Fibonacci series; and an eerily effective *Monologo No. 3* by László Kalmár, full of glissandi and microtonal shifts, a gentle flute-voice married with the shaku-hachi's hollow wail.

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Pressures on British Steel

THE BEST outcome of today's House of Commons debate on the steel industry would be the reaffirmation of a bipartisan approach towards the British Steel Corporation. Both major parties want to see a viable steel industry in this country and both agree that this can only be achieved by bringing capacity into line with demand and by ensuring that the plants which remain are technically sound and efficiently manned and operated.

Because the BSC has too much capacity, some of it using obsolete steel-making techniques, closures are unavoidable. A number of plants have been shut down in the past two years with the acquiescence of the employees concerned. Unfortunately the most recent closure decision—that of Corby—has met with adamant resistance from the main union in the industry, the Iron and Steel Trades Confederaton. It is threatening a campaign of sanctions against the Corporation unless the decision is reversed. Familiar ties of loyalty, as well as short-term political advantage, may induce many Labour MPs to support the campaign, even though it will increase the BSC's losses and ultimately result in a smaller and weaker industry.

For the next few years a steel-making capacity of 20m tonnes is likely to be more than enough for the BSC. Yet in 1973 the last Tory Government *approved a development programme* designed to achieve a capacity of well over 30m tonnes by the early 1980s. This involved an expansion of basic oxygen steel-making at Port Talbot, Llanwern, Scunthorpe, Redcar and Ravenscraig, as well as new electric arc furnaces at other sites; at the same time older plant would be phased out.

Scaled down

Although very large sums of money were spent under this programme, the drastic change in the world steel market which became apparent after 1975 caused the expansion plans to be scaled down. Such projects as the doubling of capacity at Port Talbot and the second blast furnace at Redcar have been stopped. But the size of the investments put a heavy strain on the BSC's finances and this was greatly aggravated by the last Labour Government's short-sighted decision to halt the closure of older plants—the so-called Beswick review.

The present management has been seeking to dig BSC out of the financial pit by speeding up closures and by improving efficiency in the modern works. Most of the plants reprieved by Beswick have now been shut. Corby and Shotton present more difficult social problems, but it has been recognised for some years that steel-making at these two sites would not be viable; they will continue as important steel-finishing centres, taking semi-finished steel from Redcar and Ravenscraig. As for the modern works, the present structure is not ideal, partly because of past political compromises on location of new investment. It is just possible that BSC has one big works too many, but that will depend on their performance.

Constraints

The Government's policy towards the BSC has been entirely correct—not to interfere in specific decisions but to impose such financial constraints as to force the management to drive hard for cost reduction and loss elimination. The Labour Opposition complains that the constraints are too harsh, but there is no doubt that tight cash limits have had a healthy effect

The refusal to be saddled with high-cost British coking coal is one example. Performance at Port Talbot and Llanwern, which had been making heavy losses, has greatly improved. Sir Charles Villiers, chairman of BSC, intends to publish profit figures for each major works on a regular basis,

Whether these measures will restore the BSC to profitability will depend partly on the economic situation, partly on the effectiveness of the BSC's management and partly on the response of the employees and their trade union leaders. The contraction of the steel industry is deeply painful to the trade unions, as it is to their counterparts in France and elsewhere. Having reluctantly agreed to earlier closures, they feel that they must make a stand over Corby. But if they have the long-term interests of their members at heart, they would do better to campaign for the most generous treatment possible for those who will lose their jobs and to ensure that the jobs which remain are securely based. That should be the messages from the House today.

Dictatorship in Iran

THE MOST surprising aspect of the resignation of Dr. Mehdi Bazargan from the Iranian Premiership is the fact that it did not happen before. From the time of his appointment nine months ago he has never been able to fulfil the function normally associated with the title because of the shadowy but supreme authority wielded in practice by the Ayatollah Khomeini's Revolutionary Council. Out of patriotism rather than any political opportunism Dr. Bazargan has persevered in trying to bring an element of order and direction to the country. Since the overthrow of the Shah it has suffered not only from an authoritarianism as complete as that of the former regime but an intolerable degree of anarchy, chaos and economic decline as well.

Obscurantist

Dr. Bazargan has been at odds with the clerical junta over the activities of the revolutionary committees and "guards" who have either taken their instructions or been inspired by the Ayatollah Khomeini and his obscurantist reactionary circle of "holy men" in Qom but have frequently usurped the functions of the secular government — if so it could be termed — or been in direct conflict with it.

Dr. Bazarzan has been at odds with the governing religious extremists over the U.S. Dr. Bazargan has been pragmatic enough to appreciate the need for continuing normal relations with the U.S. and, therefore, a moderate attitude to it. Blinkered by his fundamentalist revulsion of the West and the U.S., its main political expression, the Ayatollah Khomeini has shown no realism in this respect. Significantly, the Prime Minister's resignation has been occasioned by his realisation that the clerical hierachy supported the mob that stormed the American Embassy in Tehran and is holding its staff as hostages demanding in return the extradition of the exiled Shah from his hospital bed in New York. Arguably, the U.S. behaved badly in not giving refuge to the Monarch having given him so much support for 25 years. It could hardly have denied him medical treatment.

As long ago as last February Dr. Bazargan had his first contretemps with the clerical junta over its connivance at the mob invasion then of the American Embassy. Condemning the attackers, he said "Our day has been turned into night." Those words now seem to ring more true than ever. His resignation may be seen as the total consolidation of power by the Ayatollah Khomeini and his Revolutionary Council. Dr. Bazargan was to have stepped down, anyway, when the constitution being revised by the 73-man "Council of Experts," packed with the supporters of the religious extremists—whose unrepresentative makeup and workings he disagreed with—is finalised. Now two months overdue, it should soon be ready for submission to the people by referendum preparing the way for an election of a new Majlis, or legislature, and the election of a figurehead President. Whatever the outcome, it looks certain that Ayatollah Khomeini will have more power than the Shah ever had.

Oil exports

Such is the disillusionment with the religious leadership and the growing opposition to the totalitarian Islamic regime across a broad spectrum that no one could safely predict the duration of their life. In the meantime amid the continued and growing turmoil the most dangerous result for the wider world from developments in Iran could be a reduction or cut-off of its oil supplies as a deliberate act of policy or for other reasons. Iran is selling as much as a third of its exports on the spot market as a means of getting more revenue and boosting prices generally. Output may slump because of the inability of indigenous technicians to maintain installations and the halt six months ago to an important gas-reinjection secondary recovery programme. Equally serious is the danger of a flare-up with Iraq which the regime has done much to irritate through its treatment of the Arab majority population of Khuzestan Province where Iran's main oil fields lie What is being demonstrated again is the dangerous unpredictability of the regime.

The robots are coming-but not to Britain

By DAVID FISHLOCK, Science Editor

THE public's perception of robots is conditioned at present by such anthropomorphical imitations as the Daleks of Dr. Who and the cackling creations which fall about at the idea of a housewife still peeling potatoes. The Cabinet Office, or rather its advisers on enginering and applied science, have a different perception: one we would all do well to heed.

For them, the robot is a versatile tool which will become as important to the manufacturing industries as, say the machine tool is today. It is a tool destined to do many of the repetitive tasks at which human fingers fumble on assembly lines for seven or eight hours a day. It is a tool which will be programmed to perform its task of putting things together, oblivious of the clock which it anyway cannot see, of Monday morning, of tea-breaks, of heat, noise or fumes: oblivious, in fact, of any of the myriad of environmental aberrations which cause assembly-line output and product quality to fluctuate between wide extremes during a normal working day.

Britain today is ignoring this kind of robot—the "intelligent" robot—the Government's technical advisers say. The number at work in Britain's factories is minuscule compared with its big trading rivals—Japan, the U.S. and West Germany. Yet "failure to apply them will result in our industries being progressively less able to compete with either the high-productivity industrialised countries or the low-labour-cost developing countries," says a report published by the Government yesterday.*

This report is the third in a fascinating series of studies of technological change and how Britain is responding — or, rather, failing to respond. The source is the Government's Advisory Council on Applied Research and Development, which has already spawned stimulating reports—on silicon "chips," last autumn, and on industrial innovation early this year. They share a lucid exposition of the technological advance, and a bluntness about the consequences for Britain of continuing to ignore it.

ACARD's latest report finds Britain "in great danger of being left a long way behind in the application of programmable automation and robotics." The evidence suggests that, properly used, automation both raises productivity and improves quality. Failure to use it is likely to leave the industry uncompetitive both in quality and cost—"greater threats to employment than the displacement of labour by machines," ACARD contends.

Contribution to total output

To establish a baseline for manufacturing performance in Britain, the study has drawn upon the statistics of the 1977 Census of Production, and compiled from these the accompanying chart. It shows the contribution that some major sections of industry make to total national output, and also their output expressed as added value per employee. The choice of industry shown here is governed partly by the purview of the report itself and partly by the need for clarity in its presentation. The utilities—electricity, gas, water—are included as benchmarks. (Coal and steel, on the other hand, are missing because it did not prove easy to interpret the figures in a comparable form.)

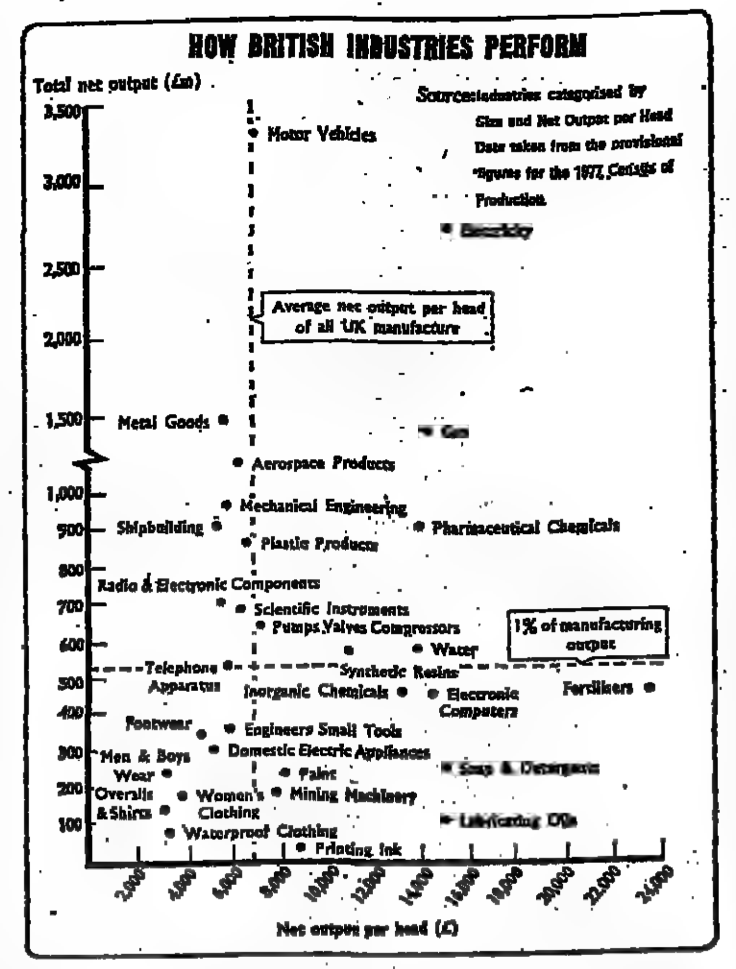
The industries which can expect to benefit most from automation in the shape of robots are clustered on the left-hand side of the chart, the area of less-than-average added value per employee. They include motor vehicles and shipbuilding, as one might well expect, but also aerospace products, scientific instruments, radio and electronic components and telephone apparatus.

The relatively poor factory performance of these sectors is reflected in the way Britain's share of the world market has been falling, and in the way the value per ton—a crude measure of the technical sophistication of the product—has dropped below that of its imports. Failure to reverse this situation, says the study, would pose a serious and permanent threat to UK employment through the loss of Britain's competitive manufacturing ability. "The countries that now have the lowest levels of unemployment are those that have made the best use of available technology."

The technology considered by ACARD is not only the robot—the machine which, in this context, puts things together—but the *joining techniques* which will keep parts assembled. They include welding, brazing, soldering, adhesive bonding, fastening (bolts, rivets, spring fasteners, etc.) and stitching. The catalogue of possibilities is still expanding with the emergence from research of new *techniques* such as friction welding, "super-glues" and the use of lasers and electron beams.

Automatic assembly of mass-produced items such as motor-car sub-assemblies and the TV chassis has been a major goal of the production engineer for the past 20 years. Around 1960 the TV industry was beginning to use automatic machines to thread such electronic componenets as transistors and resistors into printed circuit panels, in preparation for automatic soldering of hundreds of joints simultaneously. A decade later one major British TV maker had abandoned his assembly machine and reverted to the idea of using rows of women again to thread the components by hand. His "robot" was simply too complicated. The slightest hiccup anywhere in a long sequence of workstations and the entire machine stopped assembling. It had no intelligence of its own and had to wait for a man to repair it. It spent more time stopped than assembling.

Today's robot tends to perform a single task, albeit often a complex one by the standards of the early machines. It costs about £30,000 — and a realistic view of charges for interest, depreciation, care and maintenance, etc., probably adds another £15,000 a year. Its counterpart at home is the washing machine or cooker which can be programmed to carry out a sequence of operations at predetermined temperatures, times, etc.—though without the robot's ability to sense, pick out, and place.



'Blind and not very clever'

Today's industrial robots are blind and not terribly clever. Manufacturers worldwide have bought far fewer than the robot-makers were forecasting in the early Seventies. But Britain, with almost none at work today, has no cause to congratulate itself, for it has accumulated none of the experience of tomorrow's approach to manufacture built up by other leading industrial nations. This experience will prove immensely valuable in introducing the new generation of robots now marching upon the factory gates.

Sir Henry Chilver, chairman of the ACARD working party which produced the report, said yesterday that robotics was potentially one of the world's biggest growth industries.

According to ACARD, some 6,000-7,000 first-generation industrial robots were at work worldwide last year. Half of them were working in Japan, one-quarter in the U.S., and one-quarter in Europe. Britain, however, could boast only 60-70 robots. The annual output of Britain's one manufacturer of industrial robots is derisory—fewer than 50 a year. The Department of Industry has commissioned a more detailed—and more technical—study of this disturbing situation from Ingersoll Engineers which is shortly to be published.

Still more to the point, however, the nations which are using robots today have national programmes which encourage their use and further development. Japan in the Sixties, acknowledging the lead the U.S. had built up in mainframe computers, set out to compete by developing robots. Currently it is engaged in a seven-year project, costing £25m, to demonstrate the principles of fully-automated manufacturing plant. One government-supported demonstration, at Kawasaki Heavy Industries, aims to assemble a small agricultural petrol engine almost entirely by robots. Another, at Toyota, includes robot welding of motor cycle frames and axle housings.

West Germany has a Government-supported programme entitled "the humanisation of life at work." It aims to improve working conditions — for example, by keeping the worker away from hostile environments. The German Research Society also spends generously on engineering research, £20m a year, including the development of systems for factory automation. Sweden and Italy have also made much greater progress than Britain.

The U.S. Government is supporting manufacturing technology—including automated assembly—through the National Science Foundation. Its Automation Research Council has called for a joint government-industry programme on which $300m would be spent over seven years. It also has such powerful research centres in robotics as SRI International in California (formerly the Stanford Research Institute) and the Charles Stark Draper laboratory at MIT in Cambridge, responsible for some of the most advanced automation of the space programme.

Britain not only has no national programme on factory automation, it has almost no research and development on robots. Not even the Engineering Board of the Science Research Council, which has *sponsored* research into other neglected aspects of manufacture, has yet seen fit to support the development of the industrial robot. (This may be a legacy of the council's experience with the more controversial science of "artificial intelligence" in the early Seventies, when its investment bore little fruit.) University research relating to robots in Britain "contrasts starkly with that in West Germany," laments the ACARD report.

Yet for the production engineer, robotics offers the same kind of excitement and hope for the future as synthetic fuels and nuclear power in the energy sector, and supersonics and vertical take-off in aviation. What is more, ACARD believes that Britain has all the ingredients needed for a successful effort to exploit the coming of robots.

In welding technology it is second-to-none, with the Welding Institute and its £5m budget providing the bedrock. In adhesives technology it pioneered with the wartime production of the Mosquito bomber and has remained in the vanguard.

In the Sities Mr. Theo Williamson, then technical director of Molins, attempted in the System 24 automated machine shop to implement what to this day is one of the most ambitious schemes for factory automation ever attempted anywhere. Other British technology highly relevant to robotics includes long experience of romote handling and repair techniques in the nuclear industry, involving major surgery deep inside reactors and other highly radio-active plant. In addition, Britain is skilled in "software" — programming. Cunningly-programmed microprocessors, together with miniature TV systems to provide the robots with *vision*, and other advanced sensors, will be the technological base of the new generation of robots of the Eighties.

The excitement of Concorde

ACARD is urging the Government to knit all this skill and experience into one programme, with the objective of revolutionising Britain's manufacturing methods. As a national objective, directed and managed by users—the leading manufacturing firms—such a venture could have all the excitement of a Concorde project and a far better chance of a national payoff.

We will know it has worked when we watch TV advertisements showing robots laughing at people who still try to assemble things by hand.

**Joining and assembly: the impact of robots and automation, pp 44, HMSO, £1.75.*

One of Britain's few ventures into robotics: an arc-welding robot being marketed by BOC *Automated Welding Products* from a base at Milton Keynes.

MEN AND MATTERS

Rejoining the Orion band

Few bankers would quarrel with the assertion of the new chief executive of the Orion Bank, Thomas Jefferson ("Jeff") Cunningham, that international finance is "a very demanding experience." Few, on the other hand, dare to abandon the rigours of such a career for a two-year interlude as a builder and lumberjack.

This is the course which Cunningham, now 37, took in 1977 when he resigned as area director in Northern Europe for Chase Manhattan. He then headed home to his dilapidated farmhouse, wife, and three children in rural Oxfordshire. "The primary reason was to have some time to spend with my family, while they were still young enough to be, well, to be . . . influenced. I also wanted to pursue non-financial interests."

These appear to be ski-ing ("we went to Europe three times last year") and shooting—but principally putting in order the 18 acres of forest around his house near Bicester. "I love working with my hands," he says.

Like his predecessor at Orion, David Montagu—who resigned last month—Cunningham is self-confessed workaholic. The two years in the country also seem to have involved more paperwork than many of his envious colleagues imagine. As a consultant he managed to make ends meet far better than he expected, spending a total of 130 days abroad last year, including monthly trips to the U.S. On top of that, he taught at the City University.

"I was very tempted to stay with that life. Only Orion," he says loyally, "tempted me back. I think it's the greatest place in the world." His main regret seems to be the renewed commuting for 2¼ hours a day; he intends to take further breaks from—as he puts it—worrying about other people's profit and loss accounts. "Everyone should try it," he says.

Snake tangle

The European Monetary System clearly has its good points, but these are not all evident to the Bank of Ireland. Its half-year figures, out yesterday, reveal that so far around IR£1.2m have been paid out as a "special bonus" to staff for coping with EMS. An equivalent further payment, possibly more, is under discussion. None of this includes overtime or the cost of recruiting an extra 200 staff.

A senior official in Dublin says candidly that entry to EMS could not have come at a worse time, coinciding with the implementation of new exchange controls. The floodgates really opened when the post and telephone dispute ended in June: "Suddenly we had all the additional work of EMS and all the work that had accumulated over five months during the strike. We are not yet out of the wood."

I understand weekend working is the order of the day in Dublin. "EMS," says Maurice Cruise, manager of the bank's London office, "made a mess of things."

Tax shelter art

In London this week is an American sculptress, Rodelle Karpman, who has just made an art promotion deal which might possibly commend itself to Norman St. John Stevas. A group of businessmen has bought the moulds of her work and under U.S. regulations receive an immediate investment tax credit, as though they were buying industrial capital equipment.

Not surprisingly, Mrs. Karpman feels this "tax shelter situation," as she terms it, is good for all interested parties. Other artists are benefiting from such schemes, as part of which their works are marketed across the States by teams of salesmen. But it does not apply to artists who only produce originals—there has to be a "reproduction unit," such as a lithographic stone or a bronze mould, to satisfy the taxman.

Mrs. Karpman has flown here from Los Angeles for an exhibition. She recently completed a bust of Sir John Foster, the former Tory MP; it is to be presented to All Souls, Oxford—of which he has been a fellow since 1924.

The appeal to investors in the U.S. scheme, explains Mrs. Karpman, is that they only need to put down 5 per cent of the total cost of the "reproduction unit" to have 10 per cent of the total cost deducted from their net tax liability. It does, however, incline them to select art of a markedly popular nature; the pictures Mrs. Karpman showed me of her work reveal her as an artist who demands more of the senses than the intellect.

She speaks in some awe of another Los Angeles sculptor who is making bronzes of John Wayne on a horse. "He is selling them at $2,000 a time and has made an edition of 1,000," she said. "That's really a big operation."

Bronzes are increasingly popular with the general public in the States," says Mrs. Karpman. "I think it's subliminal, a sign of the times—that if the work were melted down, the metal would be worth something."

Lamb chopped

The latest issue of Trade and Industry, the weekly magazine of the Industry Department, has a feature which should interest Peter Walker, the Agriculture Minister. Headlined "Selling food to France," it tells of the promotion starting this week in 60 Parisian shops.

The directors of the food chain concerned say they are concentrating upon "one drink line, one grocery line, and one meat line." The article delicately avoids any mention of lamb, but it does quote Paul Amos, chairman of the British Food Export Council, in optimistic vein. He declares that France, being part of the EEC market, is "receptive to our products," given the right conditions.

Cast-iron debt

Busted bond pundits, not least those who have been sinking their savings into such hitherto worthless ephemera, are understandably jubilant that a Chinese bond has just reached — apparently for the first time — 1,000 per cent of its face value. The particular bond is the 1908 Chinese Gold Loan, which exists in £20 and £100 denominations. Only about £200,000 of the loan is still outstanding.

Had this — like the boost to Vickers shares — any connection with the visit of Chairman Hua? "We don't think his presence made the slightest difference," said a Stanley Gobbins spokesman airily.

Cutting loose

A former Canadian cabinet minister, Warren Allmand, is challenging the rule inherited from Britain that all MPs must wear ties in the House. He has appeared wearing a polo-necked sweater with a tie draped loosely around it, and denounced the rules as "anachronistic and sexually discriminatory."

Warren pointed out that women MPs did not have to wear ties, and demanded that men should be given the same freedom. A member of the New Democratic Party offered a solution: "Wear a dress, Warren."

Observer

The macrocephalic monster in the smog

BY WILLIAM CHISLETT, Mexico City Correspondent

MEXICANS ARE a fiercely proud nation, but they are not at all proud that their capital will, according to the World Bank, become the largest city in the world by the year 2000 with a population of around 32m.

When President Jose Lopez Portillo met the mayor of New York in September he dropped his normal flag-waving posture and said: "Mexico City is the most absurd thing that ever happened. We've built everything at over 2,000 metres above sea level. If we had planned the place it would never have happened."

Mexicans are now finally waking up to the monster they have created which is a frightening testimony to what happens when industrialisation takes place in a developing country with little or no planning.

Planners have a word for Mexico City—macrocephaly, a medical condition in which a person's head is abnormally large compared to the rest of the body. Some 14m people live in the capital's metropolitan area, 20 per cent of Mexico's total population.

By the year 2000, if the capital's present alarming growth rate of 5.6 per cent a year continues (London's is actually falling) Mexico City will account for about 25 per cent of the total population. Its growth has been spectacular, but only in the last 30 years.

When Hernan Cortes arrived in Mexico in 1519 he beheld one of the great imperial cities of the world. Tenochtitlan, the Aztec capital, was a city of some 300,000 people on a series of islands in the middle of a lake. It was a rival in beauty to Rome and Venice.

Cortes first saw the city from the surrounding mountains at an altitude of 7,500 feet. They enhanced the city's magnificence. Today the visitor to Mexico City, as he flies into the capital's airport, is lucky if he can see the mountains at all through the brownish smog which hovers almost permanently over a city that sprawls as far as the eye can see.

Lake Textoco, which supplied the Aztecs with endless fresh water, has dried up and is now the source of dust storms in March and April when strong winds send people spluttering into doorways.

The Aztecs lived within sight of two awe inspiring volcanoes, Popocatepetl and Izteccihuatl. Today an inhabitant of the capital is lucky to catch a glimpse of them a couple of times a year.

Fumes trapped

The conquering Spaniards kept the capital in the lush valley—an almost perfectly shaped bowl surrounded by mountains which offered natural protection against marauding tribes.

Now, far from affording protection, the mountains prevent the dangerously high level of pollution—caused by fumes from 2m cars and the siting of over half the country's industry in the metropolitan area—from escaping.

Mexico City's smog is of the more dangerous photo chemical variety for with the height, the reduced oxygen and the still atmospheric conditions more ultra violet rays reach the polluted air than would happen at sea level. As a result respiratory diseases, itchy eyes, sore throats, thumping headaches, sinus problems and gasping for breath are the common fare of many of the capital's inhabitants. I have lived here for a year and have never felt in such bad health. Indeed after my first few months I began to wonder whether I was abnormal or becoming a hypochondriac. Mexican friends assured me that I was normal.

Many regard Mexico City as the nearest mankind has come to creating hell on earth and yet, if you have the money, there are beautiful areas in which to live, outside the city centre, up in the hills, away from the constant hum of traffic, the repeated honking of horns, and the oppressive atmosphere. The capital can boast one of the world's finest museums, the anthropological museum, and oustanding international concerts at Bellas Artes cultural centre.

But this is not the Mexico City which the great majority of its inhabitants know, several million of whom live in "lost cities" ringing the federal district, including one, Nezahualcoyotl, known as the "sleeping giant" where over 2m people live, many in shacks and other makeshift dwellings. Barefoot, ragged children, some with swollen stomachs, play amidst the most awful squalor.

Nezahualcoyotl itself tells the story of Mexico City for in the 1960 census it did not exist. By 1960 Mexico was well into laying its industrial base and the economy was showing sustained and high growth rates. Industry was encouraged to move to the capital with generous fiscal incentives and as the administrative and financial centre most companies felt they had to be based there.

As industry came to the capital so too did millions of people from the impoverished countryside. Nothing was done to encourage them to stay put. Whole families left their pueblos in rural Mexico in search of work, and invaded land once they arrived in the city. In the case of Nezahualcoyotl people began arriving after 1963.

Between 1940 and the present day the capital's population has increased seven fold. The legacy of this massive uncontrolled migration is that the fuse on a population time bomb has been set which is in danger of exploding into violence unless the capital's growth is planned.

Mexico's natural population increase of 3 per cent a year is one of the highest in the world. However Mexico City's population rises by 5.6 per cent a year — in other words out of every five new inhabitants of the capital a year two are not born there.

In order to defuse what many view as an inevitable explosion before the end of the century fiscal incentives are now no longer given for Mexico City but to decentralised areas, particularly on the Gulf and Pacific coasts, and 119 municipal areas. There are also moves to relocate bureaucrats and inflated promises to channel much more money into the countryside. A serious family planning programme is underway and attempts are being made to crack down on those industries which pollute the atmosphere.

Last month Sr. Hank Gonzalez, the Regente (mayor) of Mexico City, a post with cabinet rank, presented the capital's master plan to the President. As befits such a large city the plan is immense and is divided into seven sectors—the metro underground railway system, water supply, road construction, ecology, rubbish collection, security and schools.

Noisy buses

"Twenty years ago we never thought we would reach such a monstrously high population," Sr. Gonzalez told me. At times we could hardly hear one another because of the beeping horns and noisy buses passing below his office which overlooks the Zocalo, the city's main square, around which cars drive as if on a racing circuit.

"It's the political, financial, industrial, commercial, educational, cultural and even the religious capital. The shrine of the Virgin of Guadalupe is here (the patron saint of Mexico) and that attracts 15m Mexicans a year."

For Sr. Gonzalez the key to stemming the city's growth is to pursue vigorously the goals in the industrial development plan and create decentralised areas. The key to ending its chaos is to create an adequate public transport system.

"If the industrial plan is really successful then Mexico City's population will be 20m, if it's moderately successful 30m and if it's a disaster 40m, which will be death," he said. The number of cars goes up by 12 per cent a year and the average occupancy rate for the city's 2m cars is only 1.3 people.

The car is still a status symbol in Mexico and people are understandably loath to use public transport as it is so inadequate and so uncomfortable. But if the capital's traffic is not to grind to a halt one day many more people will have to use buses and the metro. The underground currently has three lines, covering 40 kilometres. Last year it carried 659m passengers in 755 carriages compared to London's underground which has eight lines, covering 381 kms and in 1978 carried 546m passengers in 4,434 carriages. This gives one an idea of how rough a ride one gets on the Mexican metro.

Between now and 2010, 15 new lines are planned to cover 437 kms. The aim is that by the year 2010, one third of the city's traffic load will use the metro compared to the present 11 per cent. Mexico's metro is claimed to be the fastest growing in the world with one kilometre of new track built a month.

At the same time a start has already been made on improving the flow of traffic by completing on time the first 15 of a planned 34 cross city "ejes viales" (one way boulevards with a trolley bus going in the reverse direction down one side). A special map has been published as the new traffic system is so complicated.

At the moment there are a mere 658 trolley buses. The aim is to have 2,000 by the year 2000. One of the main pollution offenders at the moment are the large, painfully noisy buses which spurt out black fumes.

Last month the President planted the 15 millionth tree in a proposed "green belt" of 120m trees by 1982. They will surround the city to relieve the exhaust-fume poisoned atmosphere. At the same time Pemex, the Mexican state oil monopoly, announced that next year it will introduce a new grade "anti pollution" petrol based on alcohol which will only be on sale in Mexico City.

Money is a serious problem. Sr. Gonzalez admits that present resources are insufficient and that the city's problems can only be solved little by little as the revenue from the country's immense oil wealth becomes available.

For example just to raise the barely adequate water supply of 45 cubic metres a second by one cubic metre a second costs $40m as the pipes have to be laid up and down mountains from reservoirs to the capital. Sr. Gonzalez's budget this year is 48bn pesos ($2.1bn).

Critics, like Sr. Gustavo Garza, a researcher into demographic and industrial problems at El Colegio de Mexico, the country's most prestigious academic institution, believes that the government's decentralisation plan is doomed to failure. He argues that the policy of concentrating on so many new fiscal incentive areas (123) will not work as few of them have a "proper industrial dynamic of their own."

Inconveniences

The advantages for the private sector of going to these areas does not compensate for the inconveniences of being so far away from the country's main market—Mexico City, he said. Sr. Garza argues that the Government should focus on three areas, Saltillo, Queretaro and Mexicali, where industrialisation is already growing despite the lack of special incentives.

The government has an unhappy precedent for money was poured into Ciudad Sahagun near Mexico City after 1952, but today only four factories have gone there whereas between 1960 and 1970 8,561 firms set up in Mexico City.

I asked Sr. Gonzalez what he thought Mexico City would be like if the decentralisation plan failed and the capital's population was 40m. "Instead of thinking about such an awful thing we must do everything we can to make sure it doesn't happen. At least there is now a realisation of the problems," he replied.

MEXICO CITY AS SEEN BY MARINO, THE CARTOONIST, IN EXCELSIOR, MEXICO'S LEADING DAILY.

"Mr. Mayor, the solution is don't let the cars return once they go on holiday."

Letters to the Editor

Limit rises in CAP expenditure

From Mr. B. Gardner

Sir,—I was surprised by your comment in the "Double threat to EEC" second leader (Nov. 2) that the common agricultural policy and Britain's EEC budget commitment for 1980 are "separate issues." It appears to me that, far from being separate, they are even more closely linked than the majority of people in Britain have been misled into believing. They should be very closely linked in the Government's strategy in attempting to alleviate the expected 1980 budget burden.

Most important, CAP's role in inflating the net UK budget contribution arises directly from its more inefficient aspects than from its legitimate objective of supporting agricultural markets and incomes. It is now well known in Britain that in 1980 we will be paying in £1bn to £1.2bn net to the budget — some 64 per cent more than West Germany, a considerably richer nation. This difference is generally believed to be mainly because we import a large proportion of our food supplies from non-EEC third countries, or because we have a "more efficient agricultural industry than other EEC countries." This loose thinking is of course encouraged by those whose interest it favours — most notably the EEC Commission.

In a background report issued on October 26, the Commission's London office says: "Only the United Kingdom, through a combination of certain characteristics not found elsewhere [in the Community] contributes more and receives back less than average in relation to her GNP share of Community wealth." This canard is then compounded by the statement that CAP "expenditure distribution is influenced by geographical factors relating to the size of the agricultural sector in each member country." It is not the size of the agricultural production sectors but the volume of agricultural trade which dictates the level of payment out of the market support section of the EEC farm support fund.

What the Commission's statements and common assumptions about the EEC budget obscure is the striking fact that Britain will in 1980 pay 64 per cent more than Germany for one reason and one reason only. Germany will in 1980 draw £2bn for payment to the agricultural trade, compared with a mere £400m drawn by the trade in Britain.

This much larger pay-out to Germany from the farm fund is only partly due to the much larger (approximately twice UK annual agricultural output) agricultural industry of that country. It is much more to do with payments to agricultural traders for stockpiling, reprocessing and exporting to third countries (with EEC subsidies) surplus agricultural commodities produced not only in Germany, but also drawn in from other EEC countries for subsequent re-export.

If the EEC Commission's claims about structural factors and geographical differences were correct, then Germany with an annual agricultural product worth 21.5bn European units of acount (EUA) should be drawing less than France with an agricultural product worth 24bn EUA. Instead, German farm drawings are approximately 19 per cent more than those of France.

It is therefore not difficult to see why, despite the fact that, according to Commission estimates, Germany will in 1980 pay 12 per cent more in customs duties to the EEC budget than Britain, 9 per cent more levies on agricultural imports from third countries and 89 per cent more VAT, Germany will still be substantially better off in terms of net contribution than Britain.

This difference is solely due to Germany's five times greater farm support fund payout for the support of agricultural trade. This has two major implications for Britain's budget negotiations. The inefficiency of CAP — encouraging the build-up of surplus stockpiles in a country which has a food deficit — is the major reason for Germany's much smaller net contribution. Whatever modifications are agreed to reduce Britain's share of the total cost of running the Community, the absolute amount which it will have to pay in the future will continue to increase if agricultural policy remains unreformed.

It would therefore seem obvious that Government policy should be not only to seek a reduction in the proportion of the net cost of operating Common policies which Britain pays, but also to ensure that the absolute amount to be paid in the future is limited by restricting increases in CAP expenditure.

Brian Gardner.
Agra Europe (London),
216 Rue Stevin,
1040 Brussels.

Redoubtable French

From Sir John Chadwick

Sir,—The point missing in your leader (November 2) is your news-item on October 31 stating that France has blocked the urgent ratification of the Tokyo Round trade agreements. This action and the flouting of Community law may be seen as the construction of redoubts for a coming battle — presumably to enfilade the massed attack on the financing of the Common Agricultural Policy to which you refer. This is standard French tactics. They probably do not expect to hold these positions for long, but to weaken the opposition in the main battle before they are driven in. Our problem, and that of the other Seven countries, is how to winkle the French out of these positions without incurring losses. An attempted deal on a sheep-meat policy might lose us New Zealand lamb.

(Sir) John Chadwick.
Larkfields, Woodstock Road,
Charlbury, Oxford

Common policy funds

From Messrs. A. Buckwell, D. Harvey and K. Thomson

Sir,—Mr. Godley (November 1) has attempted to help public discussion of the problems of the Common Agricultural Policy by suggesting that the European Commission should "tear up our cheque" of £1bn. The point of our original letter (October 29) was that this kind of approach is not likely to be very successful in the short run and might actually be counter-productive in achieving real reforms of CAP in the longer run.

Taking the short-run problem, European agricultural policy is a common policy because it provides an approximately common level of support for agricultural producers throughout the Community and members of the Community contribute the necessary funds on a common basis as spelt out in our earlier letter. As far as Britain is concerned, just over £1bn of gross contribution of £1.8bn arise from the common external tariff and levies collected under CAP. That leaves somewhat less than £0.8bn as the UK's direct VAT-based contribution. Thus without changing the policy of common markets, £0.8bn is the maximum amount the UK can expect to save, provided other members agree to make up the difference.

If such a gain can be achieved, we would of course regard it as welcome relief to this country. In the longer run, however, any such savings will be quickly eroded by increases in the overall size of the Budget unless some fundamental changes in CAP can be agreed.

Allan E. Buckwell,
David R. Harvey,
Kenneth J. Thomson,
Department of Agricultural Economics.
The University,
Newcastle upon Tyne.

Exclude food

From Mr. R. Silver

Sir,—As a moderately committed but uninformed supporter of the EEC I am beginning to believe that the problems of the Common Agricultural Policy represent totally irreconcilable conflicts. Certainly a generation or more will need to pass before the requirements of the relevant sectors of each country's population can be met. In business life, or for that matter in any other aspect of endeavour, some problems are just not worth the effort needed to solve them and human resources are more fruitfully directed elsewhere. I ask, naively, therefore, why food cannot be wholly excluded from regulation by the EEC leaving each country to deal with its producers and consumers as it thinks best thus enabling member states to devote their attention to the remaining economic and political objectives of the EEC.

R. J. Silver.
Robert Silver and Associates,
23-24, Great James Street, WC1.

Indefensible inconsistency

From the Deputy Chairman, Association of Insurance and Risk Managers in Industry and Commerce

Sir,—At present widely differing practices are being adopted by various water authorities with regard to charging for sprinkler connections.

There is little doubt that sprinklers are the most generally effective means of containing the majority of industrial fires, limiting their adverse consequences and protecting the lives of those present in ranges of industrial building which sustain major fires. The material damage cost of such fires in the 1978 year was over £300m, and this figure does not include the consequential loss flowing from such incidents.

Any inhibition of investment in sprinkler protection must surely be totally undesirable. Industrial firms should be able to plan the cost of such protection from the basis of a consistent national cost, but this cannot be done at present.

For example, the North West Water Authority is currently charging £533 per annum as an availability charge for a 6-inch sprinkler connection: prior to April 1, 1978, its charge was £15 per annum. On the other hand, the Severn-Trent Water Authority has abolished its availability charges for sprinklers altogether. It should be stressed that in both cases the capital cost of the basic connection to the water supply is borne by the industrial company, and is not a charge on the water authority.

This inconsistency is indefensible. Why should an industrialist in one geographic area suffer a penal impost for taking reasonable precautions for the protection of his assets and employees (and for protection of the national interest overall) when the duty laid upon water authorities throughout the country in respect of such a facility is identical under the Water Act, 1973?

This association deplores such inconsistency, and strongly recommends abolition of availability charges by all water authorities, and positive encouragement by water authorities of fixed sprinkler systems, with a resultant reduction in overall water usage and consequent damage in fire situations.

A. P. Benson.
AIRMIC, Plantation House,
31-35 Fenchurch Street, EC3.

Textiles and the EEC

From the General Secretary, National Union of Tailors and Garment Workers

Sir,—the outward processing of textile and clothing goods does not need to be regulated, as Mr. Norman Sussman (October 27) seems to indicate. Rather, it needs to be totally rejected by the United Kingdom Government.

The European Commission has badly damaged the integrity of the multi-fibre arrangement, which had done so much to bolster confidence in the textile and cloting industry, by seeking to give special treatment to products made under the outward processing system in agreements with Mediterranean countries. This system, by which part of the work on a finished product is contracted out abroad for subsequent re-import, is a severe threat to the objective of a large-scale, secure and viable United Kingdom industry.

United Kingdom unions have supported the Government in declining to take up quotas for outward processed imports from Mediterranean countries.

The Commission however, decided that outward processed imports from these countries would not be counted against EEC limits for normal imports, and by increasing total low-cost textile imports, this will weaken the MFA regime and will be damaging for UK exports. We have also been disappointed at the Commission's refusal to implement Article 115 of the Treaty of Rome to prevent free circulation of imports from associate members of the EEC. Outward processed goods taken in by other EEC members are, therefore, allowed to enter the UK market despite the UK's opposition to special treatment for goods produced under this system.

We do recognise that a competitive advantage may be gained by firms in other EEC member states through outward processing, and there may be financial advantage to some UK firms in undertaking this type of trading. We are, however, equally convinced that increased use of outward processing by UK companies under present conditions would lead to a major loss of employment in Britain and to weakening the structure of the UK industry.

We are particulary concerned at the long-term implications of outward processing. Whatever, the effect on trade in 1979, a decision to take up outward processing quotas would be bound to encourage the Commission and Mediterranean associates to seek further increases and UK firms to extend this mode of manufacture. Such an extension would not only be to the detriment of employment in the UK clothing industry but would soon lead to the transfer of upstream production abroad, thus weakening the entire textile chain of production.

Far from having no viable and constructive alternative policies, textile and clothing unions in the UK are convinced that at the same time as opposing special treatment for outward processing, the EEC should regulate strictly such activity in other member states. Regulation should hinge around the basic tenet that all outward processed imports should be covered by existing quotas and agreed limits, and should come within established global ceilings.

In addition, the practice should be confined to single processes in the chain of manufacture, should only be carried out by companies engaged in manufacturing in the EEC and should be limited to not more than 5 per cent of such manufacturing capacity. Only Community fabrics should be used, import licences should be non-transferable, imported goods should be clearly marked with the name of the country where the last major process was performed and full consultation with trade unions concerned should have taken place before a licence is granted. Free circulation of outward processed goods should be outlawed.

Continuation of the multi-fibre arrangement is central to the future of the UK textile and clothing industry. The provision for global ceilings on sensitive products is an important principle of that agreement. That principle is under threat as a result of the Commissions' proposals for outward processing. Also under threat is the entire textile and clothing industry, and with it some 800,000 jobs. The industry must be maintained, and these jobs safeguarded. The immediate priority is surely to maintain UK opposition to the principle of outward processing, rather than knuckling under and accepting "our share" with the dramatic consequences that acceptance would entail.

Alec Smith
National Union of Tailors and Garment Workers,
Radlett House, West Hill,
Aspley Guise, Milton Keynes.

Today's Events

GENERAL

UK: Sir Keith Joseph, Industry Secretary, addresses National Economic Development Council on poor productivity — Prince Charles attends meeting, Millbank Tower, London.

National Union of Mineworkers meets National Coal Board on pay claim.

Mr. William Whitelaw, Home Secretary, speaks at Oxford University Conservative Association lunch, Oxford.

BL Board meets to approve new strategy — pay talks conclude.

National Union of Agricultural and Allied Workers demonstrate about pay outside Ministry of Agriculture, Whitehall Place.

Prince Charles visits Lloyd's, Lime Street.

Men of the Year luncheon, Savoy Hotel, London.

Overseas: Mr. Jack Lynch, Irish Prime Minister, starts eight-day visit to U.S.

IMF sells 444,000 oz of gold, Washington.

King Carl Gustav and Queen Silvia of Sweden start three-day state visit to Austria.

PARLIAMENTARY BUSINESS

House of Commons: Supply day debate on steel industry. Motions on members' interests.

House of Lords: Debate on Government policies to deal with difficulties and opportunities facing the country.

Select Committees: Public Accounts—1977-78 Accounts of Manpower Services Commission. Witnesses: Department of Employment, Manpower Services Commission. Room 16, 4 pm.

COMPANY MEETINGS

Hampson Industries, Chamber House, 75 Harborne Road, Edgbaston, Birmingham, 12. Throgmorton Sec. Growth Trust, 25 Milk Street, EC, 12.30. West of England Trust, 18 Canynge Road, Bristol, 12. Zeiters, 86/88 Clerkenwell Road, EC, 11.30.

Whitbread profit rises nearly 14% at midway

FOLLOWING expectations of a reasonabl half year result, **Whitbread and Co.** reports pre-tax profits of £36.31m for the six months ended September 1, 1979, up 13.7 per cent on the £31.93m of the same period last year. The growth trend is continuing during the second half, the directors say.

Stated earnings per share are up from 10.46 pto 12.33p and the interim dividend is lifted from 1.2811p to 1.65p on capital increased by loan stock conversion and share options—the total last year was 4.7577p on pre-tax profits of £54.35m.

Looking further ahead, the directors say that, given reasonable trading conditions, continuity of good industrial relations and backed by the group's high investments in the trade, they are confident of the ability to take full advantage of future trading opportunities.

First half profit is after exchange gains of £189,000 (£145,000), depreciation of £7.26m (£7.12m) and interest, £5.98m against £5.23m. The Price Commission intervention, which delayed full implementation of price increases from March until June, cost the group some £5m in profits, hte directors say.

	Six months 1979 £000	1978 £000
Turnover	365,253	320,665
Profit	49,359	44,135
Exchange gain	189	145
Depreciation	7,260	7,120
Bank and loan interest	5,977	5,234
Profit before tax	36,311	31,926
Tax	7,900	8,106
Net profit	28,411	23,820
Extraordinary items	716	1,020
Minorities	39	9
Attributable	29,088	24,831
Pref. dividend	208	208
Attributable ordinary	28,880	24,623
Interim dividend	4,024	3,028

The board states that despite some loss of sales caused by industrial problems at the Luton brewery earlier in the year, more beer was sold than in the same period last year and the group continued to gain market share.

The board is encouraged by the reception of the new lagers, Heldenbrau and Kaltenberg, and is confident that these, alongside Heineken and Stella Artois, will ensure that the group continues to take advantage of all segments of the growing lager market.

The new brewery at Magor will be in commercial production next spring and this additional capacity will play an important part in meeting future lager targets.

Led by Trophy Bitter, the group's ales continue to build market share, with the regional brands doing particularly well.

Progress has been supported by the growing strength of the canned beer trade through the take-home division and the continuing expansion of catering outlets.

Wines and spirits sales increased substantially at home and overseas with Long John International and Langenbach's Crown of Crowns turning in good trading performances.

Increased profit contribution was achieved by the soft drinks division through substantially increased sales of Rawlings mixers and fruit juices and an improvement in the volume of R. White's lemonade.

See Lex

HIGHLIGHTS

The London stock market conducted an agonising U-turn yesterday *afternoon when dealers caught sight of the October* banking figures and the Lex column makes a reappraisal of current UK monetary policy. In the midst of yesterday's turmoil in the equity market **Thorn Electrical** was trying to have the equity part of its revised agreed bid for **EMI** underwritten. Lex looks at the off timing of this and considers why the two companies have done such a quick deal. Elsewhere Lex looks at the two major company results of the day, half-time figures from **Whitbread** and **Acrow**. Whitbread was broadly in line with market expectations but Acrow was way below outside estimates. On the inside pages comments are made on **Capper-Neill, Tern-Consulate, Martonair, Ropner, Eva** and **Carless Capel**. There is also news of two rights issues, from **Newman-Tonks** and **Clairmace**.

Wellco ahead to £865,000

WITH TURNOVER ahead at Q9.5m, compared with £7.58m, **Wellco Holdings**, electrical *distributor and manufacturer* and industrial property developer, increased pre-tax *profits from £645,219 to a record* £865,439 for the year ended June 30, 1979.

At halfway, when reporting profits up from £291,393 to £365,313, the directors expected *the full year's result to show an* improvement over last time.

After tax up from £200,426 to £385,780, stated yearly earnings per 5p share were down at 4.16p (5.15p). A final dividend of 1p *net raises the total payment from* 1.125p to 1.4p.

London & Provincial Shop rises

The net total dividend of **London and Provincial Shop Centres (Holdings)** is being stepped up from 0.823996p to 1.295p for the year to June 24, 1979, with a final of 0.93079p.

A year-end professional revaluation of investment properties including Westpoint shows an increase over book value of *£20.7m.* Net asset value per 10p share jumped 130 per cent, from 146p to 336p.

Gross rental income rose from £1.07m *to £1.4m—as forecast* midway. Current annual gross rental income is £2m (£1.1m). *The directors say this will rise to* £3.45m progressively over the next eight years, based on *current rental values. These* figures do not include any contribution from the letting of *properties now under construction.*

Pre-tax profits were 6 per cent *higher at £551,000 (£517,000), in* line with the forecast of over £540,000 made at the interim *stage, when the surplus was* £232,000 (£221,000).

The net balance was 47 per *cent ahead at £473,000 (£321,000)* after a reduced tax charge of £78,000 (£196,000) because of *capital allowances. Earnings per* share are shown to have risen from 2.97p to 4.37p.

Outgoings attributable to developments, before tax, of £682,000 (£430,000) have been met *by transfer from capital* reserve.

Acrow's £4.7m midway dive

REFLECTING THE serious disruption caused by the engineering strike and a drop in demand for cranes and containers, Acrow, the international engineering group, reports a sharp fall in interim profits—the first downturn registered by the group in 30 years.

With turnover falling from *£73.58m to £69m in the six* months ended September 30, 1979, pre-tax profits slumped by *£4.67m to £1.31m, which is well* below market forecasts.

Mr. W. A. de Vigier, the chair*man says that the backlash of* the transport dispute early this year and the engineering strike, *together with a dispute at Adam*son Containers, which is continuing, affected output, sales and profits. This also had a detrimental effect on export orders and figures for the half year were down from £43.16m to £36.22m.

Apart from the problems at *Adamson Containers,* which was also affected by low world demand, Coles Cranes was hit by *the troubles in Iran. Since Iran's* withdrawal from the market, demand for cranes has slumped *and one of the company's fac*tories has been on a three-day week since the end of July.

Announcing a *maintained net* interim dividend of 1.5p the chairman says that he still looks *to the future with confidence.* The group is beginning to see the benefits of the modernisation programme and new products now available should contribute to future *sales* and profit performance.

In the year ended March 31, 1979, group pre-tax profits amounted to £14.3m from which net dividends totalling 3p were paid.

The group's UK properties have been professionally revalued. Compared with a book value of £14.96m they now have *a market* value of £28.14m and a replacement value of £66.33m.

See Lex

Rise for Roberts Adlard

PRE-TAX profits of **Roberts Adlard and Company**, builders' merchants, increased from *£305,000 to £330,000 in the first* half of 1979, on turnover £0.9m higher at £5.9m.

After tax of £172,000 (£158,000), net profit came through at £158,000 compared *with £147,000.*

The net interim dividend is raised from 1.747p to 2p, and *absorbs £45,000 (£42,000).* Last year a total of 4.319p was paid from record profits *of £707,000.*

ISSUE NEWS

Newman-Tonks raising £2m at 57p per share

Newman-Tonks, the metal hardware manufactaurer, is making a cash call of around £2m through a one-for-four rights issue. It proposes to issue 3,754,488 shares at 57p per share.

The group also announces that an EGM will be held on November 30, at which shareholders will be asked to approve the sale of a 90 per cent holding in Decorettes as well as an increase in authorised capital.

The proposed sale of Decorettes, which makes transfers and wall coverings, was first announced in August this year. The group said then that the sale would raise £540,000 in cash.

A dividend of at least 5.1p on the increased capital is forecast for the current year, compared with 4.6585p for the year to July 1979. Mr. Michael Wright, the chairman, says in the accounts to be released today that he believes the enlarged group will show satisfactory results this year, provided there is no further serious industrial dispute. It is still too early to predict the outcome accurately, he adds.

The rights issue, which has been underwritten, is the first since the original share listing in 1957. Recent expansion has involved considerable cash outlay which has been financed through a combination of internal resources and bank borrowings. The board says it is therefore appropriate to raise additional capital to reduce immediate short term borrowings and strengthen the balance sheet.

The issue exhausts almost all unissued *shares* but the proposed increase in authorised capital would create a further 5m shares.

Newman-Tonks' pre-tax profits for 1978-79 amounted to £3.05m, compared with £1.81m for the previous year. Sales rose to £34.64m from £22.35m.

Clairmace cash to expand Rotaco

By Alan Friedman

Clairmace, the former Sri Lankan tea company which is headed by Mr. Oliver Jessel, is proposing a 1-for-2 rights issue at 15p in order to raise £200,000. Mr. Jessel says the money will be used to finance the growth of a key Clairmace subsidiary, the Rotaco domestic appliance group, which handles UK distribution *of White-Westinghouse,* Frigidaire and Scholtes products.

Clairmace lost its quotation in *1976 after the Government of* Sri Lanka nationalised several tea plantations. But trading has *been brisk under Rule 163 and* the shares were at 23p yesterday after news of an interim pre-tax *profit of £31,165* and dividend payout of 0.5p. The Board said that a further improvement in *profit is expected in the second* half.

Clairmace, which has a market *capitalisation of around £627,000,* is a holding company with three main interests. These are the *Rotaco company,* a stake in the Charles Clifford group (a Birmingham metals firm) and *Hightower Design Services* (a manufacturer of drilling machines).

In the six months to June 1979, Rotaco and Charles Clifford were profit makers, while *Hightower was in the red.* But Mr. Jessel reports that the latter is now back in the black. *In addition, the Clairmace group* recently received its half-yearly payment of £65,416 as compen*sation for Sri Lankan* tea estates: another £235,000 is expected over the next two years.

Mr. Jessel, who has used Clairmace as a vehicle for the acquisition of Rotaco and for *acquiring a 29.6 per cent interest* in Charles Clifford, claims to be confident about the prospects for *Rotaco. "Mr. Masterson-Hume,* the managing director, has made a great success at Rotaco and I'm *very pleased to back him up,"* he said.

YEARLINGS UP TO 14¾%

The interest rate on local authority yearling bonds jumped a further half point yesterday to 14¾ per cent. Dated November 12 1980 the bonds are issued at par.

This week's issues are: West Glamorgan County Council (£¾m), Brentwood District Council (£½m), Walsall Metropolitan Borough Council (£1m), Shepway District Council (£½m), London Borough of Lambeth (£1m), City of Sheffield (£1m), Stafford Borough Council (£½m), City of *Norwich (£1¼m).* Borough of High Peak (£½m), Doncaster Metropolitan Borough Council *(£1.35m), Metropolitan Borough* of Solihull (£¾m), Merthyr Tydfil Borough Council (£m).

Carless Capel jumps £3m to £3.83m in first half

TAXABLE profits of Carless, Capel and Leonard jumped *from £816,000 to £3.83m for the* half year ended September 30, 1979 on turnover well ahead at £28m against £18.4m.

A good second half last year *lifted the full year's profit to* £2.9m. The directors then said they expected the satisfactory *trend to continue* during the first half of 1979/80.

After six months tax of £1.99m (£245,000) earnings per 10p share are shown as 4.7p (1.4p).

Following a dividend of 0.6826p, paid in August as a *non-recurring* payment following the lifting of controls, a second interim of 0.8p net is announced.

And the directors intend to recommend a 1.25p final, although they do not expect second half profits to equal those of the first—last year there was a *0.4115p* interim and a 0.6174p final.

Margins earned from the refining and marketing of most petroleum products have improved substantially on those which prevailed in the depressed markets early last year, directors explain.

Rapid oil price escalation coupled with the "first in, first out" method of stock valuation have further increased profits, the cash flow from which, they say, is essential to finance the additional working capital needs of the business.

The onshore UK exploration companies have identified a number of prospective *structures and further seismic surveys* are being undertaken in order to establish priorities *for a drilling programme.*

Offshore UK drilling is under consideration and may take place next year, they add.

Exploration and production activity is being increased in North America, where additional gas reserves have been confirmed and sales are on a rising trend.

● comment

If justification for the strong performance of oil stocks this year were needed, yesterday's figures from Carless, Capel and Leonard provided it. Oil prices rose by around 70 per cent during the first half, which largely explains the doubling in profits over the period. The increase in naptpha prices has been still more spectacular, so the earnings surge had been fully discounted and the shares actually lost 2p to close at 60p. A repeat performance cannot be expected in the second half and full-year profits should work out at slightly above £5.5m. This would put the shares on a fully-taxed p/e of 8.8, which is fairly demanding in the short-term but is merited by the potential from current exploration projects. For the time being, however, the group is striking a cautious note by forecasting its total dividend for the year. Excluding the special first interim payment, the yield is 4.9 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Acrow ....int.	1.5	April 9	1.5	—	3
Allied London Props....	1.66	Jan. 4	1.47	2.06	2.06
Bradford Prop. ....int.	1.6	Jan. 4	1.27*	—	3.17*
Bridport-Gundry	1.42	Jan. 17	1.2	2.41	2.1
Capper-Neill ....int	2.1	Jan. 5	1.17	—	3.18
Carless, Capel ...2nd int.	0.8	Jan. 18	0.41	1.48‡	1.03
Clement Clarke ....int.	1.05	Jan. 3	0.79*	—	1.81*
Eva Industries ....int.	2.4	Jan. 31	2.4	—	5.36
Headlam, Sims ....int.	1	Dec. 7	0.7	—	1.7
Jessups	2	Jan. 3	1.48¶	3	1.98¶
G. & G. Kynoch	Nil	—	1	Nil	2
London & Prov. Shop ...	0.93	—	0.49	1.3	0.82
London Entertainments	1.57	Dec. 14	1.5	1.57	1.5
Martonair ....int.	5.0	Jan. 4	3.9*	6.75	5.5*
E. J. Riley	2.25	Jan. 11	1.6	3.5	2.6
Roberts Adlard ....int.	2	Jan. 2	1.75	—	4.82
Ropner ....int.	2	Dec. 21	1.19	—	3.2
Scotcros ....int.	1.96	Jan. 10	0.91	—	3.63
Scottish National	3.05§	Dec. 18	2.5	4.65	3.9
Somic ....int.	1	Feb. 8	0.95	—	2.56
Tern-Consulate ....int.	2.0	Dec. 17	1.75	—	3.8
Wellco	1	Jan. 8	0.95	1.4	1.13
Whitbread ....int.	1.65‖	Jan. 10	1.28	—	4.76
Whittington Eng. ...int.	1.4	Dec. 7	1.12*	—	4.27*

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total to-date—final of 1.25p forecast. § Plus special 0.6879p from total special deferred dividend received from Shell. ¶ Adjusted. ‖ On capital increased by loan stock conversion and share options.

NO PROBE

The proposed merger between BTR and Campbell and Isherwood is not to be referred to the Monopolies and Mergers Commission.

Eva static but hopes for better second half

DESPITE A profit downturn in the 26 weeks ended September 29, 1979, the directors of Eva Industries remain optimistic for the second half "provided the country can avoid yet another major industrial confrontation."

Turnover in the 26 weeks showed a marginal increase from £13.9m to £14.5m but pre-tax profits amounted to £910,000 compared with £1.03m in the same period last year.

	Half-year 1979 £000	Half-year 1978 £000
Sales	14,476	13,872
Agric., tools	5,342	5,398
Eng. products	5,099	3,739
Eng. services	2,130	1,914
Forging, foundry	1,047	1,134
Investment	858	1,687
Trading profit	1,138	1,220
Interest charges	228	189
Pre-tax profit	910	1,031
Agric. tools	579	574
Eng. products	286	288
Eng. services loss	3	*59
Forging, foundry	34	70
Investment	14	40
Taxation—		
UK tax	170	278
Overseas tax	98	80
Minorities	114	80
Exchange losses	267	150
Attributable	261	488
Interim dividend	226	226

* Profit.

The interim dividend is being maintained at 2.4p per share—last year's total was 5.36p from pre-tax profits of £1.98m.

Out of 26 weeks' trading, one half of the UK subsidiaries' companies were directly affected by the engineering strike and an overtime ban for 10 weeks, and all UK companies were indirectly affected during that time, the directors say.

In the second quarter trading losses were recorded in no less than seven UK companies.

The agricultural tool division profits were stable, primarily due to improved results from overseas companies, but African markets which are currently supplied mainly from the UK have not recovered as quickly as had been generally expected.

Some of the companies in the engineered products division were significantly handicapped by the industrial action and all initial setting up expenses in relation to the manufacture of the "Trantor" have been written off against revenue.

Prospects for the division during the second half are for useful improvement, the board states.

The engineering services, forging and foundry, and investment divisions were all progressing favourably up to the end of July and the directors believe that this progress will be resumed during the second half.

Discussions regarding hand tool manufacturing in Indonesia continue but progress is slow.

As previously indicated, any new arrangements in Uganda will not be completed in the short term.

No specific developments are reported from the continuing litigation arising from the Robert R. Stockfis (Manchester) acquisition in 1977, the directors state.

Anglo-Indonesian Corporation holds a substantial stake in the Eva capital.

● comment

As one of the first companies to report results which include the period of the engineering dispute, Eva Industries is of some interest. The 11.7 per cent pre-tax profits decline did not daunt the market too much and the shares remain unchanged at 81p. The reasons for the earnings drop include reduced exports (down 10 per cent), margins squeezed by the strong pound, trading losses in six UK engineering companies (totalling £47,000) and generally lower profitability on the engineering side of the group. The agricultural tools side was recovering nicely, however, with a better showing in Brazil and Thailand. But the Eva group has a chequered past and there is not yet clear evidence to warrant the board's optimism for the second half. The dividend has been maintained at the interim stage and if last year's total is repeated then a yield of 9.8 per cent is possible.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Airflow Streamlines, Henry Boot, Electra Investment Trust, Feedex Agricultural Industries, Hartwells, London Trust, Mountview Estates, Readicut International, Rush and Tomkins, J. Sainsbury, Usher-Walker.

Finals: Central Manufacturing and Trading, Common Brothers, Jenks and Catell, United City Merchants.

FUTURE DATES

Interims:

British-Borneo Petroleum Syndicate	Nov. 8
Chamberlin and Hill	Nov. 14
Hinton (Amos)	Nov. 15
Ocean Wilsons	Nov. 19
Property Holding and Investment	Dec. 18
Wight Holdings	Nov. 14
Young Companies Investment Trust	Nov. 12

Finals:

Akroyd and Smithers	Nov. 22
Australia and New Zealand Banking	Nov. 19
Manganese Bronze	Nov. 15
Vaux Breweries	Dec. 13

Tern-Consulate expects continued growth

PROFITS MORE than doubled at Tern-Consulate, shirt, tie and knitwear manufacturer, in the six months to June 30, 1979, rising from £102,168 to £204,777.

And although High Street sales have not been encouraging since the June Budget, says Mr. P. J. Barden, chairman, the group's diverse product range and marketing policies will ensure a reasonable second half. He adds that the results for the whole year should reflect his earlier expectations of continued growth.

Turnover for the period went ahead by 60 per cent, from £2.03m to £3.27m, and the profit is struck after interest of £47,202 (£44,234). There is no tax charge this time (£13,507).

An interim dividend of 2.0p (1.75p) is announced—total last year was 3.6p on taxable profits of £276,700.

The group has entered into a royalty licensing agreement with the Nissho-Iwai Company of Japan, giving it exclusive use of the brand names "Tern" and "Inigo Jones" for Japan and China. A complete range of men's wear bearing those brand names will be distributed as part of the agreement through the NICHII chain.

There are currently 50 "Tern Shops" throughout Japan and it is planned that this number will double by the end of 1982. Inigo Jones will start with 20 "Complete Man" shops and a similar growth pattern is expected.

● comment

Even stripping out the contribution from Robert Charles, acquired last November and chipping in £450,000 to sales in the first half, Tern-Consulate has come up with some impressive looking figures. The traditional seasonal bias will not apply this year because of the greater proportion of spring/summer wear and the tough conditions in the retailing market after the "beat the VAT spending spree." Nevertheless profits of over £400,000 are on the cards and a payout of at least 4p looks on the way. On that basis the p/e of 4.4 (nil tax charge) and yield of 7.6 per cent at 75p look reasonably attractive. Tern is increasing its market share and the licensing deal in Japan could be a money spinner. Over the next two years Tern should get £50,000 from royalties coming straight in at the bottom line and there could be a lot more to come. The recent acquisition of Lloyd Menswear—manufacturing swimwear and dressing gowns—was mainly an asset buy, yet it will make a contribution in 1980. Further acquisitions in the second half of 1980 to widen the group's range are being considered, though short-term any weakness in the menswear market after Christmas will have some impact on growth.

Record year at Jessups

AS EXPECTED, Jessups (Holdings) has turned in record results for the year ended August 31, 1979. Turnover was up from £25.78m to £30m and pre-tax profits increased to £830,408 against £772,746 previously.

The directors say the outcome is most satisfactory in a year of high interest rates and supply difficulties from motor manufacturers. With the group's interest in Ford, Vauxhall, Bedford and leasing, continued progress in 1980 is anticipated.

The final dividend is anticipated 2p lifting the year's total from an adjusted 1.98p to 3p.

Tax takes £53,614 (£40,667) leaving net profits at £776,794 against £733,079. The accounting standard on deferred tax has been adopted and tax on profits is in respect of ACT only. Previous year's figures have been restated accordingly.

CHARTER CONSOLIDATED LIMITED

SCHEME OF ARRANGEMENT

Shareholders will be aware that in terms of the Scheme of Arrangement proposals dated 22 October, 1979 they are entitled to receive one new share in Minerals and Resources Corporation Limited (Minorco) for every four fully paid shares held in the company on 13 November, 1979. No action need be taken in order to qualify for the new Minorco shares.

Shareholders who wish to accept the cash offer for the new Minorco shares to which they will become entitled must complete and sign part 2 of Form X (which no longer requires a declaration of residence or the stamp of an Authorised Depositary) and return it direct to the company so as to be received *not later than 3 p.m. on Wednesday 14 November 1979.* Any acceptance of the cash offer received after that time will be treated as invalid.

Residents of Zimbabwe Rhodesia who wish to qualify for new Minorco shares or accept the cash offer should follow the procedure outlined in the circular posted to members on 29 October, 1979.

By order of the board
CHARTER CONSOLIDATED LIMITED
D. S. Booth
Secretary.

Registered Office:
40 Holborn Viaduct,
London EC1P 1AJ.

6 November, 1979

Lister regains momentum after slow first quarter

ALTHOUGH the dual impact of the transport strike and bad weather has continued to affect retail trading at Lister and Co. in the first quarter of the current year, since June the full sales momentum has been regained.

The group, a textile manufacturer and a supplier to Marks and Spencer, is now looking at an order position which will carry it through to the New Year, reports Mr. L. E. Kornberg, chairman.

In the first half of the year ended March 31, 1979 an advance from £338,000 to £805,000 in pre-tax profit was shown and the directors said that profitability continued to improve. However, the figures for the full year were hit by the transport strike and the bad winter weather and a fall from £1.49m to £1.14m was recorded.

At the attributable level the balance was cut from £655,000 to £74,000. This was due to further extraordinary expenditure of £946,000 being the cost of redundancy payments and non-recurring re-organisational expenses.

To finance this spending the overdraft was increased from £7.66m to £8.92m and the interest charged in the year went up from £762,000 to £1.12m. The chairman says that despite the interest burden he considers the expenditure to be very necessary for the future well being of the business.

He reports that considerable savings have been made in labour, fuel and transport charges and at the same time the sales volume has been increased. These actions should improve profitability and liquidity so that future results will be less affected by recent historically high interest rates.

FALL BY LONDON ENTERTAINMENTS

Taxable profits of London Entertainments, theatre production and management concern, fell from £81,107 to £46,978 in the second six months to August 31, 1979, leaving the full year's figure lower at £127,961 against £146,302 previously.

After tax of £46,944 (£57,182), yearly earnings per 20p share slipped from 2.43p to 2.21p. The dividend is 1.57p net, against 1.5p.

47 companies wound-up

Orders for the compulsory winding up of 47 companies were made by Mr. Justice Oliver in the High Court. They were: Hansa Mink, Zaxward Properties, Eurnamco, Blake Rooney and Amancher (UK).

Air Replacements (Nottm.), Cavalcade Developments, D. W. Miles (Haulage), Donnellan (Plant Hire), Brimpton Hatch and Blake and Son (B and T).

MDS Magazine Distribution Services, Cambrian Mortgage Brokers, Hi-Line Aerials, Turner Brothers (Dry Lining Systems), Templars Investments and Madigal (Printers).

Mead Carney and Co., The Midland Design and Building Centre, Sweetmanor, SC Draughting Services and Geoff. Gill Associates.

L. C. Evis and Co., W. J. Green (Painters and Decorators), Ragbond, R and BW Civil Engineering Contractors, Nordic Steel (Scan-Form) and B. Heeley Haulage.

Token Television Maintenance, The Court Ballrooms (Balham), Cawsons (Machinery) Company, Interlicence, Lee Electrical Installations (Barking) and Newbould and Dobson (Commenza Wear).

R and G Auto Services, R. A. Gregory (Car Sales), Seal (Motor Panels), Lurkhurst Builders, Gerald Kemp (Motor Racing) Development and Carpet City (Loughborough).

Holt Southey, Joy and Sue Guppy, Pekens (Builders), Super Specialised Heating Services, Saltona Construction, Homedell and Argy (Iron and Steel).

The compulsory winding up orders made on October 29 against Tyrella Company and Jiten (Properties) were rescinded and the petition dismissed by consent.

A compulsory order made on October 29 against Foamalite was rescinded and adjourned for 21 days, after the Inland Revenue, as supporting creditor, was given leave to be substituted.

A compulsory order made on October 29 against Crowforest was rescinded and adjourned for 14 days, with leave to amend and re-serve the petition on the company's new registered office.

COMPAGNIE FRANCAISE DE L'AFRIQUE OCCIDENTALE

In a letter to Shareholders dated 22nd October 1979 the Chairman, Mr. Jacques MULLIER, commented on the unaudited results for the first six months of the current year as follows:—

At Company level the net profit stood at Frs.20 million compared with Frs.19.8 million a year previously.

At Group level the consolidated figures, expressed in millions of Francs, were as follows:—

	30.6.79	30.6.78
Turnover	3,309.0	3,135.0
Net Profit		
Group	71.5	54.6
Interests outside Group	10.9	11.3
Net Situation		
Group	1,211.6	894.5
Interests outside Group	170.6	169.5
	1,382.2	1,064.0

The relatively modest increase in turnover was partly as a result of the 60% devaluation of the Cedi in August 1978 coupled with the disposal on 1st January 1979 of the Paris-based SODIM/PARIS-MEDOC chain of retail stores.

WHITBREAD AND COMPANY LIMITED

HALF YEAR REPORT

Results for the six months ended 1st September 1979

Whitbread and Company Limited announce unaudited results for the six months to 1st September 1979, and an Interim Dividend of 1.65 pence per share (1978/79=1.3234 pence). The Interim Dividend represents an increase of 24.7% and reflects an additional payment in respect of the Final Dividend for the year to 3rd March, 1979, which was declared prior to the reduction in the basic rate of income tax from 33% to 30%.

Turnover and Profits

The consolidated turnover for the six months was £365,253,000, an increase of 13.9% over the same period last year. Profit before Tax and Extraordinary Items was £36,311,000 and Profit after Tax was £28,411,000 showing increases of 13.7% and 19.3% respectively. This was achieved despite the Price Commission intervention, which delayed full implementation of price increases from March until June and cost us approximately £5,000,000 in profits. We welcome the present Government policy of less interference in business which enables us to concentrate all our efforts on trading and greater productivity,

Trade

Despite some loss of sales caused by industrial problems at our Luton Brewery earlier in the year, we sold more beer than in the same period last year and we continued to gain market share.

We are encouraged by the reception of our new lagers, Heldenbrau and Kaltenberg, and we are confident that these, alongside Heineken and Stella Artois, will ensure that we continue to take advantage of all segments of the growing lager market. Our new brewery at Magor will be in commercial production next spring and this additional capacity will play an important part in meeting our future lager targets.

Led by Trophy Bitter, our ales continue to build market share, with our regional brands, such as Marlow Bitter, Tusker, Pompey Royal and Welsh Bitter doing particularly well.

Our progress has been supported by the growing strength of our canned beer trade through our Take Home Division and the continuing expansion of our catering outlets.

Our wines and spirits sales have increased substantially both at home and overseas with Long John International and Langenbach's Crown of Crowns turning in good trading performances.

Increased profit contribution was achieved by our Soft Drinks Division through substantially increased sales of Rawlings mixers and fruit juices and an improvement in the volume of R. White's lemonade.

	Six months to 1/9/79 £000's	Six months to 26/8/78 £000's
Turnover	365,253	320,685
Profit before depreciation and funding charge	49,359	44,135
Gain on foreign exchange	189	145
Deduct: Depreciation	(7,260)	(7,120)
Bank and Loan Interest payable	(5,977)	(5,234)
Profit before Taxation and Extraordinary Items	36,311	31,926
Current Taxation	7,900	8,106
Profit before Extraordinary Items	28,411	23,820
Extraordinary Items, less Taxation attributable thereto	716	1,020
Attributable to Minority Interest	(39)	(9)
Atributable to Members of Holding Company	29,088	24,831
Preference Stock Dividend	(208)	(208)
Attributable to Ordinary Shareholders	28,880	24,623
Interim Dividend on Ordinary Shares	4,024	3,026
Interim Dividend—pence per Share	(1.65)	(1.3234)
Earnings—pence per Share—Basic	12.33	10.46
Fully Diluted	11.22	9.55

NOTE:—The interim dividend will be paid on 10th January, 1980, to shareholders on the Register at close of business on 30th November, 1979. As a result of the conversion of a further £9.9 million of the £14.4 million 11% Convertible Unsecured Loan Stock 1990/95 on the 15th September, 1979, and the exercise of a number of employee share options the ordinary share capital on which the interim dividend will be paid has increased to approximately £61.0 million (£57.0 million for the corresponding dividend for the previous year).

Future

Although it is always difficult to forecast, our growth trend is continuing during the second half of 1979/80. Looking further ahead, it is difficult to see a clear picture, but given reasonable trading conditions, continuity of good industrial relations and backed by our high investments in the trade, we are confident of our ability to take full advantage of future trading opportunities.

Brewery, Chiswell Street, London EC1Y 4SD

WHITBREAD

MINING NEWS

Canada must step up mine development

BY KENNETH MARSTON, MINING EDITOR

UNLESS MINERAL exploration is encouraged in Canada, particularly in the northern part of the country, its mineral output will not be sufficient to meet domestic and foreign requirements beyond the 1980s, according to Mr. John McCreedy, president of the Mining Association of Canada.

He estimated that by the year 2000, as many as 280 new mines would have to be developed if Canada was to hold on to its share of the world mineral market, reports John Soganich from Toronto. Mr. McCreedy said that this meant that 13 new mineral deposits would have to be brought on stream annually.

However, the rate of discovery of new deposits in Canada has declined from a peak of 14 in the early 1950s to an average of five in the period 1971-75. He pointed out that availability of new reserves was governed by the relationship of metal prices and return on capital to operating costs.

Higher metal prices could dramatically improve the reserve position by bringing in previously uneconomic ore. "Our vast reservoir of minerals is further evidenced by indications that upwards of 1,000 identified mineral deposits are currently not being mined in Canada."

On a hopeful note, Mr. McCreedy said that progress was now being made in Canada to formulate resource policies which recognised the cyclical nature of mining and the need for greater harmony, equity and stability in federal-provincial tax systems, as well as areas of overlapping and concurrent jurisdiction.

De Beers is understood to have changed its arrangements for transporting diamonds from South Africa to London. Instead of coming direct, the bulk of them are now routed via Switzerland and this partly explains why the value of South Africa's total exports to the UK fell sharply in the first six months of this year.

But why De Beers has been sending its diamonds by an indirect route remains a mysteryq. A spokesman for De Beers was unable to throw any further light on the matter yesterday, although he confirmed that London remains the diamond sorting and valuing centre and that the regular "sights"—sales held 10 times a year to which selected dealers are invited—will continue to take place in London.

Oakbridge and Sumitomo in new coal deal

OAKBRIDGE, the Australian coal and industrial group, is expanding its links with the Sumitomo group of Japan. Two Sumitomo units are spending A$7.55m (£4m) to acquire a 20 per cent stake in Oakbridge's Wallerawang colliery.

Sumitomo has a 15 per cent interest in another Oakbridge colliery, the Hermitage, which yike Wallerawang, is near Lithgow in western New South Wales.

Wallerawang production has been running at 800,000 tonnes a year but reserves at the present mine are running down. The Sumitomo companies are to undertake a feasibility study of a nearby development area with the idea of raising production to 1.5m tonnes a year.

The Oakbridge-Sumitomo agreement will come into effect on March 31, 1980, provided the Australian and Japanese Governments give their approval. Oakbridge said in Sydney yesterday.

Development costs will be met in proportion to the shareholdings in the project. Should the project come to fruition it will help to add substantially to Oakbridge's total output. Its expansion plans also encompass a joint venture with British Petroleum at the Clarence colliery, another New South Wales operation.

Oakbridge shares in London yesterday were 139p.

ROUND-UP

Production revenue from its Western Australian tin mine totalling A$1.09m allowed Endeavour Resources, the Australian exploration company, to record its first quarterly operating surplus. Income for the three months to September was A$208,516 (£111,120). The shares at 18p.

Amax, the diversified U.S. group, has set up Amax Australian Ventures, thus restructuring its Australian interests. The principal function of the new company will be to facilitate co-llaison with the company's co-venturers at the Mount Newman iron ore projectand to investigate new opportunities. Assuming success, the new company will invite local equity participation.

Freeport Minerals, the New York-based group, has declared its regular quarterly dividend of 30 cents (14.5p).

Colombia's reserves of uranium oxide could total 40,000 tonnes, according to Mr. Michel Hermelin, director of the Institute of Geological Investigation and Mines in Bogota. Survey work has been carried out by Enusa of Spain and Minatome of France.

Marubeni announced in Tokyo that it had agreed to work with the BHW group of Texas on a feasibility study for the developmentof coal in the Beluga district of south Alaska. Marubeni hopes to be able to import 4m tonnes of coal a year for Japanese power companies. Reserves at Beluga are said to be 500m tonnes.

Cominco will develop new Arctic mine

COMINCO, the Canadian metals group, is to make an immediate start on the development of a new zinc-lead mine in the Arctic at a cost of C$150m (£61.1m).

Agreement has been reached with the Canadian Government on conditions for the development of the mine at the Polaris deposit owned by Arvik Mines, the group said yesterday.

Arvik Mines is 75 per cent owned by Cominco. The balance is held by Bankeno Mines, but Cominco has an option to buy the shareholding.

The deposit is on Little Cornwallis Island, about 90 miles south east of the magnetic North Pole. It has estimated ore reserves of 23m tonnes, grading 14.1 per cent zinc and 4.3 per cent lead. Once in full production, it would be the world's 11th largest zinc-lead producer.

Output is expected in 1982. The planned operating rate is 2000 tonnes a day, giving an annual production of 170,000 tonnes of zinc concentrates and 30,000 tonnes of lead concentrates.

Concentrates will be taken out by ice-breaking bulk carriers, and Cominco said agreements had been signed for the treatment and sale of the output. But it gave no details of the sales contracts or the financing arrangements for the mine's development.

The development of Polaris was foreshadowed last June, when when Cominco disclosed that it planned, to spend C$600m on bringing three new mines to production in the next five years. One of these is Polaris. The other projects are the Que River lead-zinc deposit in Australia and the Valley Copper deposit in British Columbia.

Vanadium boost for Poland

WORK IS to start early next year on an iron ore mine and benefication plant in north eastern Poland which could be producing from 25 to 30 per cent of present world production of vanadium pentoxide by the end of the next decade, reports Christopher Bobinski from Warsaw.

According to the Polish Ministry of Metallurgy, the iron ore deposits at Krzemionka, near Suwalki, contain vanadium and ilmenite and it is expected that construction of a pilot mine with planned annual capacity of 5m tonnes will take from eight to 10 years.

The iron ore mined at Krzemionka will be used for domestic production while an agreement for the delivery of vanadium and ilmenite has been signed with a West German consortium headed by Metallgesellschaft.

Exploitation of the iron ore will begin at a depth of 1,000 to 1,200 metres. The deposits go as deep as 2,000 metres or more.

Deposits similar in geological structure and content are mined at Otanmaki in Finland.

Initial financing worth DM 750m (£202.4m) has been provided by the West German Dresdner Bank, the Bank fur Gemeinwirtschaft, Commerzbank and the Deutsche Bank.

21% advance by Barclays National

Maintaining their growth pattern in the second six months to September 30, 1979, pre-tax profits of Barclays National Bank for the 12 months to that date improved some 21.4 per cent from R60.2m to R73.1m. The company is a 64 per cent-owned subsidiary of Barclays International.

The year-end is to be changed to December 31, so full details of how the increase was achieved will not be available until early next year. However, it appears from the second interim report that the group benefited from a lower bad debt provision and a channelling of lending through its subsidiary Western Bank, taking advantage of better hire purchase and leasing returns.

At the net level profits moved ahead from R36.8m to R48m. Total deposits rose to R4,356m (R3,890m) while advances and other accounts (which include leasing and hire purchase) increased to R2,846m (R2,574m).

Earnings per share are up from 69.1 cents to 90.1 cents and a dividend based on figures for the extended period to December 31, 1979 will be declared next February.

هكذا من الأصل

Shipping & engineering push Ropner ahead

THE TAXABLE surplus of **Ropner Holdings** rose from £1.71m to £2.03m in the six months to September 30, 1979—increased profits on the shipping and engineering sides offsetting downturns in insurance broking and property development.

The directors expect the full-year profit to show a significant increase over the £2.85m (£2.37m) achieved last time.

The net interim dividend is stepped up from 1.1896p to 2p—a total of 3.1959p was paid in 1978-79.

Turnover for the half-year rose from £8.05m to £11.03m. After tax of £1.06m (£0.89m), earnings per 25p share are given as 6.5p (5.4p).

Shipping profits—well ahead at *£870,000 (£350,000)—include* the trading results of m.v. Appleby which was delivered in October, 1978. The increased interest charge of £417,000 (£283,000) reflects the interest payable on the loan relating to that ship.

Engineering profits—up from *£949,000 to £1.36m—include six* months' surplus from Frederick Greenwood and Sons (Holdings), acquired at the end of last year.

Insurance broking profits slipped from £216,000 to £187,000, while property development was lower at £128,000 (£194,000). Investment income fell to £102,000 (£282,000).

	1979	1978
	£000	£000
Turnover	11,030	8,047
Depreciation	1,000	758
Profit	1,954	1,514
Associates	73	194
Profit before tax	2,027	1,708
Tax	1,055	890
Net profit	972	818
Minorities	8	16
Dividends	295	176
Retained	669	626
Available	964	802

● comment

With the bulk of its ships on long term charter and a useful cushion of engineering interests, **Ropner Holdings** has sailed through the shipping recession unscathed. Interim pre-tax profits are 19 per cent higher, the interim dividend is up by 68 per cent and the group is talking of a "significant increase" in full year profits. Ropner does not seem to have been affected by the engineering dispute and the shipping side is benefiting from the recent strength of the bulk shipping market. Full year pre-tax profits could be up from £2.8m to £3.5m. On the conservative assumption that the group pays a dividend of 4p net for 1979-80 the shares yield 8.9 per cent and sell on 5.6 times prospective fully taxed earnings.

E. J. Riley upsurge to £0.8m.

Profits before tax of **E. J. Riley**, the snooker and furniture group, rose almost 62 per cent from £496,913 to £803,023 in the year ended July 31, 1979, on turnover up from £4.95m to £6.33m.

Earnings per share are stated as 6.73p against 4.92p and the final dividend is lifted from 1.6p to 2.25p making a total of 3.5p compared *with 2.6p previously.*

Extraordinary debits in the year total £2,968 (£9,266) comprising £13,688 (£22,739) losses on termination of activities, £10,720 profit (£6,527 loss) on sale of property and a £20,000 overprovision in the previous year in relation to guarantee payments.

Martonair earns and pays more

Martonair International, manufacturer of pneumatic control equipment, *reports* increased taxable profits of £5.72m for the year ended July 31, 1979, compared to £4.89m last time.

The surplus is a record, as forecast at the halfway stage, when pre-tax profits were ahead from £2.09m to £2.51m.

Turnover for the year *is up* from £30.47m to £35.89m. The profit is struck after interest of £138,000 (£118,000) and there is *an increased tax charge of* £2.71m against £2.25m, restated following the adoption of SSAP 15.

The net *final dividend* is increased 5p, making 6.75p, compared with an equivalent 5.4818p.

	Year 1979	Year 1978
	£000	£000
Turnover	35,886	30,489
Trading profit	5,856	5,006
Interest	138	118
Pre-tax profit	5,718	4,888
Tax	2,707	2,251
Net profit	3,011	2,637
Minorities	33	12
Available	2,978	2,625
Dividends	886	713
Retained	2,092	1,912

● comment

It has been a good year for **Martonair International**. Higher wage costs and the lack of skilled labour in industry generally have helped the group sell its pneumatic *control equipment* in a move to further automation, particularly on the continent, which now accounts for over two-thirds of sales. The company also increased prices and experienced an average volume rise of 8 per cent. Exchange conversion could have cost the group a lot more than the estimated *£150,000* which was shaved off the top of pre-tax earnings. Elsewhere trading seems to be picking-up in France, where Martonair has sizeable interests. The total net dividend might have been put up a little more, but the 23 per cent increase lifts the yield to nearly 6 per cent at 170p. The fully taxed p/e of 7.7 is not too high for a company with prospects for continuing *growth.*

Clement Clarke improves

FOLLOWING a rise to a record £1.26m for the previous year, taxable profits of **Clement Clarke (Holdings)**, dispensing opticians, improved to £598,000 for the first *half of 1979*, compared with £533,000. Turnover for the period was £5.36m against £4.58m.

And the directors are confident that targets will be met for the full year, provided the economic and industrial position does not deteriorate.

After six months' tax of *£243,000 (£249,000)* net profits came through at £355,000 against £284,000 giving earnings of 5.55p (4.44p) per 25p share.

The net *interim dividend* is effectively increased to 1.0468p (0.7852p)—last year's final payment was an adjusted 1.0259p.

The optical and surgical instrument subsidiaries produced satisfactory figures, although the expected increase in home instrument sales did not materialise due *to the continued static* ordering position from the NHS, directors say.

Currently the optical retail sector is continuing to increase, and historically directors expect its best figures in the second half.

Negotiations are in an advanced stage for a number of *new optical* branches and these should be operating before the end of the year.

The instrument subsidiaries are still experiencing slow domestic sales growth, and they feel there is some evidence that the strength of sterling overseas is having an effect in certain export markets.

Bridport-Gundry second half fall

EXTERNAL TURNOVER of *Bridport-Gundry (Holdings)* rose from £12.39m to £14.1m for the year ended July 31, 1979, but reflecting the effects of intense competition, pre-tax profits of the netting and cordage manufacturer were lower at £763,000 against £781,000, after a drop from £573,000 to £439,000 in the second *half.*

The result was struck after increased exchange losses of £75,000 (£21,000). The group's UK companies suffered from the effects of the strong pound and the volume of export business and profit margins were both under pressure.

The group's raw materials which are mainly oil-based have risen rapidly in price during the period. However, the position has stabilised and the volume of stocks, which was increased to obtain materials at the lowest cost, is expected to fall to normal *levels.*

Mr. R. W. Holder, the chairman, warns that the current year will be difficult for the textile industry. However, confidence in a management analysis of group activities and a strong balance sheet have led the Board to budget capital expenditure on new plant and machinery of £975,000 in the current period, of which £580,000 has already been approved. *Expenditure in the year under* review was £293,000.

Orders remain generally satisfactory throughout the group, but the chairman adds that none of the large enquiries on the defence side, referred to in the interim report, has yet resulted in an order, although negotiations continue.

Yearly earnings per 20p share rose from 6.26p to 7.27p and the total dividend is lifted to 2.41p (2.1p) net, with a 1.42p final.

	1978-79	1977-78
	£,000	£,000
External turnover	14,104	12,391
Profit before tax	763	781
Taxation*	77	241
Net profit	686	540
Minority interest	44	21
Exchange debits	103	72
Extraord. debit	1	†17
Attributable	538	464
Pref. dividend	6	6
Ord. dividend	211	194
Retained	321	264

*No provision has been made for deferred tax arising from timing differences as, in the directors' *opinion, this will not become payable* in the foreseeable future. †Credit.

On the Twisted Products side, Pearsalls recovered its place as the group's strongest profit earner, significantly expanding its activity as a specialist manufacturer of high grade industrial textiles.

Since the year-end, contracts have been exchanged for the sale of the factory in Tancred Street, Taunton, on satisfactory terms, while arrangements have been made to lease a further 20,000 square feet extension to the production facility in Priorswood, Taunton. *These moves, which* will be completed in about 12 months' time, will improve Pearsalls' overall efficiency.

North Mills textiles progressed satisfactorily, but suffered from the effects of the Bridport flood in May and, had this not occurred, profits would have been exactly on budget.

In the netting division, the factored marine trade and the trawl-making businesses in Scotland and Ireland did well, and *service to the fishing industry* will be improved by this section's acquisition of a majority interest in J. and W. Stuart of Musselburgh.

Control of the manufacture of sheet netting has been transferred to the twisted products division.

The company has continued to improve the quality of its Hayward "seaspeed" sailcloth and is introducing modern machinery *in the narrow fabric side of the* weaving business. Although profits were again disappointing, much was achieved by the management to give the Board confidence in the future.

Brownell in the U.S. had a good year, exceeding budgeted profits. Since the year-end, the small business in Anglers' Lines has been sold, on which margins were poor. The space made available is helping the group to expand into the field of air cargo nets and to improve further the efficiency of "Edwards" sports nets, the progress of *which, the chairman says, has* justified buying back the franchise from the former distributors.

Marginal midterm drop at McInerney Properties

WITH THE bad weather of the first five months of this year having a more severe effect than anticipated and the credit squeeze in Ireland causing further delays in sale completions and also increasing costs, pre-tax profits of Dublin-based **McInerney Properties** fell marginally from Irish £465,000 to £454,000 in the first half of 1979.

The directors say that full year results may be below expectations but the outlook for 1980 is more promising despite the unsettled conditions.

Competition for contract work has continued to be very severe and the level of the workload is reducing. However, prospects for design and building schemes using the group's Macframe system are more promising.

The length and extent of the credit squeeze have made the outlook more difficult to forecast. After quite a drop in overseas turnover for the current year, there are definite signs of much greater activity in 1980.

	Six months 1979	Six months 1978	12 mths. 1978
	IR£000	IR£000	IR£000
Grp. turnover	18,282	16,122	32,464
Private hsng.	2,953	1,063	2,323
Contracts	14,059	13,368	26,421
Other sales	1,270	1,691	3,720
Pre-tax profit	454	465	1,054

UK COMPANY NEWS

Capper-Neill falls 9% to £2.05m at halfway

WITH AN estimated loss of profits of £300,000 attributable to the engineering strike, pre-tax surplus of Capper-Neill, the site construction engineering group, fell by 9 per cent from £2.26m to £2.05m in the half-year ended September 30, 1979. Turnover, however, rose by £5.5m to £46.8m.

The directors state that activity is increasing throughout most of the group's companies and they expect that second-half profits will show a considerable improvement on the first six months.

For the year ended March 31, 1979, the group achieved a record £5.5m pre-tax profit, on sales of £89m, of which £31m was exported.

The net interim dividend is increased from 1.1725p to 2.1p per 10p share and it is expected that a similar final will be recommended, making a net total of 4.2p (3.1825p) equivalent to 6p gross.

The group's major activity, site construction engineering, continued to do well in the UK and overseas. Present overseas contracts are progressing satisfactorily and more than £12m-worth of orders have been received in the last three months.

Manufacturing, which forms a decreasing proportion of the group's expanding work load, suffered a sharp decline in its performance during the half-year, due mainly to the engineering strike coupled with fierce overseas competition, high interest rates and cost pressures in the UK.

Interest charges for the period rose from £304,000 to £441,000. Tax took £1.15m (£1.23m) and the interim dividend cost was up from £271,000 to £605,000.

● comment

Capper-Neill is one of the first companies to report on the effects of the engineering dispute and the upshot of a 9 per cent interim pre-tax profit slide. That takes in a £300,000 loss of profit as a direct result of the strike and is also understood to include a similar above the line cost of reorganisation in the chemical pump and industrial refrigeration operations. Manufacturing has stumbled badly and the group admits that it has "certain problems" in the industrial division. Nevertheless, the shares climbed 3p yesterday to 52p and confirmation of the previously intimated 6p gross annual dividend—which should be covered one and half times on a current cost basis—plays no small part in the share advance. The yield is 12 per cent. The second half of the year is confidently expected to be better than the first but, with interest rates and world competition remaining at a high level it is difficult to say whether Capper can beat the level of profit achieved in the second six months of 1978-79. Final profits taken on the Kenana project could make a substantial difference to the outcome but a total of £5m looks safe enough for an undemanding fully taxed p/e of just under 6.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
AKZ C	F.25	—	—	5	2.70	—	—	F.25.40
AKZ C	F.27.50	10	0.70	1	1.60	74	2	"
AKZ C	F.30	50	0.30	9	0.80	10	1.40	"
AKZ C	F.32.50	2	0.10	—	—	—	—	"
AKZ P	F.27.50	84	2	—	—	—	—	"
AKZ P	F.30	—	—	2	4	—	—	"
AKZ P	F.32.50	2	6.60	—	—	—	—	"
BQ C	F.220	5	9	—	—	—	—	F.224
HO C	F.25	—	—	20	3.40	—	—	F.25.10
HO C	F.27.50	—	—	60	1.20	11	2	"
IBM C	$65	6	2⅛	—	—	—	—	$62⅞
IBM C	$70	5	⅞	—	—	—	—	"
KLM C	F.80	13	1.90	20	3.80	48	5.40	F.74.80
KLM C	F.90	250	0.60	5	1.80	11	2.50	"
KLM C	F.100	25	0.20	21	0.70	—	—	"
KLM C	F.110	40	0.10	—	—	—	—	"
KLM P	F.80	268	6	18	5.90	15	6.60	"
KLM P	F.90	61	14.50	15	14.30	—	—	"
KLM P	F.100	59	24.50	10	22.90	—	—	"
KLM P	F.120	2	44.50	—	—	—	—	"
NN C	F.100	3	17.50	—	—	—	—	F.115.90
NN C	F.110	19	3.80	1	7.50	—	—	"
NN C	F.120	76	1.30	55	4	—	—	"
NN C	F.125	10	0.60	14	2.20	—	—	"
PET C	Fr.5500	—	—	1	400	—	—	Fr.5250
PET C	Fr.6000	2	100	—	—	—	—	"
PHI C	F.20	1	2.10	—	—	51	2.90	F.21.60
PHI C	F.22.50	200	0.50	51	1	74	1.30	"
PHI C	F.25	41	0.20	95	0.40	1.70	0.60	"
PHI P	F.22.50	165	1.40	10	1.20	52	1.80	"
PHI P	F.25	2	3.60	—	—	—	—	"
PRD C	$25	1	2¼	—	—	—	—	$25¼
PRD C	$30	4	⅛	—	—	—	—	"
PSA C	F.250	2	6	—	—	—	—	F.250.10
RD C	F.140	110	8.60	—	—	—	—	F.145.20
RD C	F.145	15	6.60	20	9.40	—	—	"
RD C	F.150	490	3.70	42	7	—	—	"
RD C	F.160	497	1.30	50	3.50	—	—	"
RD P	F.140	129	1.20	—	—	—	—	"
RD P	F.145	147	2.50	32	2.90	—	—	"
RD P	F.150	207	5.60	54	5.60	6	7	"
RD P	F.160	60	13.50	69	14	—	—	"
UNI C	F.125	—	—	—	—	5	3.20	F.115.70
XON C	$55	—	—	10	5¾	—	—	$57⅛
XON C	$60	10	1⅛	—	—	—	—	"
XRX C	$70	5	⅛	—	—	—	—	$59½
		Nov.		Feb.		May		
BAZ C	$45	—	—	—	—	1	5¼	$44¼
SLY C	$80	—	—	10	9¼	—	—	$86⅛
		Dec.		March		June		
GM C	$50	—	—	3	6¼	—	—	$55⅞
TOTAL VOLUME IN CONTRACTS						4197		

C=Call P=Put

Bradford Property progress

Profit, before tax, of Bradford Property Trust, improved from £2.4m to £2.45m in the half year ended October 5, 1979. Net profit came through at £1.21m against £1.17m and earnings per 25p share are stated at 5.11p against 5.07p.

Rental income, excluding rates, for the half year amounted to £1.46m (£1.18m) and sales by dealing companies totalled £2.78m compared with £3.37m.

On a per share basis the surplus from property rentals of £872,180 (£716,798) was 1.7p (1.49p) after tax and preference dividend.

The interim dividend is effectively increased from 1.27p to 1.6p—the total for 1978-79 was equal to 3.17p paid from pre-tax profits of £4.67m.

	Half-year 1979 £	1978 £
Rental income	1,461,630	1,181,650
Dealing cos. sales	2,782,095	3,374,500
Prop. rnt. surplus	872,180	716,798
Miscellaneous inc.	89,458	211,050
Prop. sales profits:		
Dealing	1,487,732	1,429,088
Investment	55,500	49,986
Sh. assoc. losses	13,128	5,500
Profit before tax	2,451,740	2,401,402
Taxation	1,241,871	1,234,598
Net profit	1,209,869	1,166,806
Preference div.	25,326	—
Ordinary	370,824	291,862

Hotels boost for Epicure

In the current year, a return to profitability from hotel operations of Epicure Holdings is anticipated by Mr. R. J. Brealey, the chairman, in his annual statement.

Planning permission has been granted for improvements to the White Hart Hotel, Lincoln, and the Board intends to maintain and, where suitable opportunities arise, increase its investment in hotels.

For the year ended June 30, 1979, the hotels and associated services side incurred a £27,000 loss (£98,000 profit), although group pre-tax profits jumped from £141,000 to £495,000, on turnover of £6.91m (£3.49m). Other activities comprise construction, and property investment and financial services.

Considerable progress has been achieved from the group's policy of realisation and rationalisation, which started during 1977/78.

A professional revaluation of group properties as at December 31, 1978, resulted in a surplus of some £1.08m over book value, which has not been incorporated in the accounts.

The balance sheet includes at cost some 220 acres of industrial and residential development land, but the Board believes the realisable value of this land to be considerably higher.

Meeting, Winchester House, EC, November 22, noon.

British Dredging in loss but year's prospects good

LOSSES in the engineering division and bad weather in the first quarter have left British Dredging with pre-tax losses of £196,000 for the six months ended June 30 1979, compared with £94,000 profits. Turnover fell from £6.04m tot £4.97m.

However, Mr. B. J. H. Clark, chairman, says that prospects for the full year are good; losses by British Dredging (Sand and Gravel), "will be recovered by the year end."

For the whole of 1978 the group incurred a £14,000 deficit—the last annual profit was £433,000 in 1974.

	Half-year 1979 £000	1978 £000
Turnover	4,967	6,044
Depreciation	120	339
Trading profit	172	237
Interest	180	273
Associates' loss	164	*73
Subsidiaries loss	50	—
Exceptional credit†	28	57
Pre-tax loss	196	*94
Tax credit	29	‡70
Loss after tax	167	*24
Minorities	2	4
Extraord. credit§	4	¶10
Attributable loss	165	*10

* Profit. † Temporary employment subsidy £92,600 (£57,000): £50,000 (nil) increase in provision in respect of interests in certain overseas and UK subsidiary and associated companies; £16,000 (nil) provision for bad and doubtful debts. ‡ Charge. § Profit of £4,000 (£10,000 loss) on sale of land and buildings. ¶ Loss.

The chairman states that group interests are benefiting from a continuing programme of reorganisation and consolidation of existing strengths. He says the company is proceeding towards a profit for the full year, and that the operating subsidiaries are now trading profitably.

Trading profit of £172,000 (£237,000) was subject to interest of £180,000 against £273,000, and associates' losses of £164,000 compared with £73,000 profits, last time.

Avonmouth Engineering Company, which suffered a loss in the 1978 year, was closed and its assets are being realised—there was a £50,000 deficit from subsidiaries which were closed or sold, in the period.

"All associated companies are also trading profitably with the single exception of our associate in Dunkirk," Mr. Clark states.

The group is Europe's largest marine dredging operator, with substantial interests in sand and gravel processing, building and construction.

Whittington profits rise in first half

Turnover of Whittington Engineering Co., colliery pit tubs, mine cars, conveyors concern, dropped from £632,450 to £603,307 but pre-tax profits rose to £73,041 for the half year ended September 30, 1979, against £34,729.

For the 15 months period to March 31, 1979 profits were £230,517 (£169,420 for previous year), on turnover of £1.66m (£1.1m).

Tax for the six months takes £37,981 compared with £18,059. The net interim dividend is effectively raised to 1.4p (1.116p) per 25p share—last year's adjusted final was 3.15p.

Scotcros on way to £2m

PROFITS, BEFORE tax, of Scotcros surged to £953,000 in the six months to September 30, 1979, compared with £531,000 last time. Sales increased from £13.94m to £16.23m.

On the basis of current trading, the directors expect second-half profits to be comparable to those now reported. For the whole of last year, the surplus reached a record £1.46m.

Investment is continuing in new plant and machinery to increase the range of products available, and also to maintain price competitiveness through improved efficiency, the directors add.

The net interim dividend is stepped up from 0.9051p to 1.98p—last year's final was 2.7154p.

After tax of £295,000 (£65,000)—SSAP 15 has been adopted and comparisons restated—earnings per 25p share are shown to have risen from 4.06p to 6.43p.

The pre-tax surplus was struck after interest of £167,000, against £141,000.

The group is engaged in packaging, wine, food, animal feedstuffs and vehicle construction.

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UK COMPANY NEWS

BIDS AND DEALS

Averys to make profit statement next week

Shareholders in Averys, the weighing machine company which is fighting hard to ward off General Electric Company's £90.4m bid, have been promised a forecast of higher dividends and a statement on the full year's prospects.

Averys said yesterday that despite delays in the availability of information due to the recent *engineering dispute, it would* make the statement after a Board meeting on November 13.

In the middle of last month, Averys said a profits forecast was both unnecessary and difficult *because of the dispute. At the* half-way stage, it showed a pre-tax advance from £6.1m to £7.2m. Last year's dividend was a net 8.85p compared with 5.87p, and it is paying a 4p interim this year *after 2.15p last year.*

Mr. Richard Hale, the Averys chairman, said the dividend for 1979 is likely to be above the 12p that most people seem to be expecting. As for the statement *on profits,* "we think it will be encouraging," he added. He said the fall in the market was a *factor* behind Averys' *statement* yesterday, though "we've no reason to think that people are wavering at the moment."

EAGLE STAR LIFTS STAKE IN SUNLEY

Eagle Star Holdings has added another 355,000 shares to its 33 per cent stake in **Bernard Sunley Investment Trust**, the property and construction company.

The move follows its near £100m bid for Sunley announced last Friday.

Eagle Star acquired its additional 2.2 per cent stake by buying 250,000 shares at 615p and 105,000 shares at 595p per share. The total consideration is £2.17m.

CORAL LEISURE

Northern Trust Company has acquired 185,000 shares in **Coral Leisure Group**, representing 0.2 *per cent of the equity.* Mr. Trevor Hemmings, a director of Coral, has a controlling interest in Northern Trust.

WINCHESTER TST.

Acceptances of the offer for shares in **Winchester London Trust** not already owned by Mr. J. Gardner and Mr. M. Fisher have been received in respect of 1,786,165 shares (64.4 per cent). They now control 1,792,665 shares (64.63 per cent). The offer is unconditional and remains open until November 30.

Yule Catto has 12.9% of Gas and Oil

Yule Catto has acquired 813,800 ordinary shares in **Gas and Oil Acreage** at 210p each. This holding represents 12.9 per cent of the present capital of Gas and Oil. The total consideration, including expenses of the transaction, amounts to £1.74m and will be met from Yule Catto's existing resources.

Gas and Oil Acreage has a 2¼ per cent direct working interest in the British sector of the North Sea and a 2¼ per cent net *production* interest in that part of the Buchan Oil Field in Block 21/1. It also has a 5 per cent direct working interest in that block outside the field area, together with a number of other exploration interests in the British and Dutch sectors. The Buchan Field is scheduled to start production early in 1980.

Yule Catto said yesterday that the *investment will be financed* from its own existing liquid funds arising from the sale in 1978 of a 35 *per cent* holding in its rubber and oil palm plantations to Malaysian interests. It regarded *its latest move* as an excellent opportunity to invest in natural resources with good growth potential.

SHARE STAKES

Duple International—W. S. Yeates has bought 325,000 Ordinary shares, bringing its total holding to 4,741,666 shares (11.53 per cent).

Bluemel Brothers—M. Y. Dart is is now the beneficial holder of 295,000 Ordinary (12.97 per cent).

Alnatt London Properties—Kuwait Investment Office has *acquired an interest* in 75 000 Ordinary, making holdings 2,050,000.

Delson—Mr. R. Cashmore is now interested in 5.04 per cent (126,000) of the Ordinary share capital.

Arrow Chemical Holdings—Mr. J. K. *Farrow, director,* has disposed of 100,000 Ordinary. Mr. W. S. Lawson, director, has disposed of 96,000 Ordinary. Mr. G. P. C. Howard, director, has disposed of 127,533 ordinary.

Habit Precision Engineering—Mr. W. Johnston, director, has disposed of 30,000 Ordinary, reducing holding to 50,000.

A. G. Stanley Holdings—Berger, Jenson and Nicholson has *purchased 10,000 ordinary shares,* bringing its total holding to 2,981,287.

Colonial Securities Trust—Cornhill Insurance now holds 220,000 deferred stock units (8.77 *per cent*).

Francis Industries—Mr. D. M. Saunders, director, has acquired 20,000 new ordinary shares.

F. and C. Eurotrust—Scottish United Investors has acquired 135,000 ordinary shares bringing total holding to 845,000 (11.27 per cent).

Cosalt—Mr. J. Carl Ross, chairman, acquired 17,018 shares.

DELTA DEAL WITH MCKECHNIE

Delta Metal Company announces that **McKechnie Brothers** has bought its 20 per cent stake in the *equity of Harrison Beacon* for £225,000, giving it full ownership.

Harrison Beacon, formed as a joint marketing and distributing company for McKechnie and Delta, sells curtain tracks and hardware and home improvement products.

Delta sold its stake because the company's products no longer fitted in with its main interests.

D. DIXON-MONTFORT

The documents relating to the offer by **David Dixon and Son Holdings for Montfort (Knitting Mills)** have been posted to shareholders.

The meeting of Dixon shareholders to approve the acquisition has been convened for November 22, 1979. Acceptances under the offer should be received not later than November 27.

Allied London ahead to £1.2m

TAXABLE PROFITS of **Allied London Properties**, the property investment group, increased from £1.07m to £1.23m in the year to June 30, 1979, on higher turnover of £7.73m, against £6.81m.

At midway, the surplus was up at £521,279 (£489,530), and the directors expected the full-year profit to be ahead of last time.

The net total dividend is held at 2.06458p, with a final of 1.65732p. After tax of £506,287 (£209,523), stated earnings per 10p share are down from 7.49p to 6.19p.

Scottish National increases

REVENUE of **Scottish National Trust Company** rose from £1.44m to £1.7m in the year to September 30, 1979, after tax of £922,154, against £816,074. Gross revenue was up from *£3.2*m to *£3.5m.*

The net total dividend is lifted from 3.9p to 4.65p, with a final of 3.05p. There is also a special payment of 0.6879p from the total special deferred dividend received from *Shell.*

Stated earnings per 25p share are 5.18p (4.34p). Net asset value is 216.2p (215.8p). Retained balance came through at £167,643, against £140,287.

Sidney Banks faces keen competition

Although difficult to produce results equal to the record £711,000 of 1978-79 Lord Godber, chairman of Sidney C. Banks, the grain merchant and seed specialist, looks to the future with confidence.

He says that the results of the cereal harvest in the group's trading area show that yields will be below those of last year. The quality of grain is good as it is throughout the UK and Europe. Competition is therefore very keen.

The chairman says that the investment in new storage facilities during the year was fully justified and the income from the drying and storage division was well over that of previous years. This was due to stores remaining full longer than usual.

At the year end stocks were up from £2.32m to £2.99m and together with increased debtors of £5.15m against £3.96m, resulted in a large increase in the overdraft from £0.56m to £1.69m. However, following the harvest the overdraft has been reduced significantly.

Lord Godber reports that the seed corn division has again had a successful year with volume increased on a slightly reduced margin.

Chemical and fertiliser margins were again fiercely competitive but in both cases volumes were substantially increased and the new bulk "Delivered and Spread" *fertiliser service* had a much more satisfactory year.

The very late spraying season meant that a large amount of chemical sales usually made in May were deferred until June—a *factor which also* contributed to the high overdraft.

BET Omnibus improves at midway

Taxable profits of **BET Omnibus** *Services rose from £4.17m* to £4.69m in the six months to September 30, 1979, after higher interest charges of £1.33m against £810,000.

Turnover went ahead from *£18.25*m to *£24.82*m, and there is an increased tax charge of £2.36m (£1.59m).

The company, which is engaged in plant hire, transport open, cast mining and engineering, is 99.27 per cent owned by British Electric Traction.

OIL AND GAS NEWS

Nerlerk testing suspended

CANADA'S Dome Petroleum has suspended testing operations at the Nerlerk and Tarsiut wells in the Beaufort Sea because of the onset of winter conditions but says that it regards the presence of oil in the Nerlerk well as highly significant.

Testing operations at both wells will resume in the 1980 season. Nerlerk was drilled to 16,207 feet and Tarsiut to 14,537 *feet.*

At Nerlerk testing of two lower zones recovered non-commercial oil and water. Extensive oil-stained reservoir sand sections remain to be tested. At Tarsiut two lower zones which exhibited oil staining were tested but because of mechanical difficulties these zones will be re-tested next year. In 1980 it is proposed to deepen Tarsiut at least 1,000 feet below the existing total depth and thereafter resume production testing.

Four drillships are being used in Dome's Beaufort Spa operations. One is anchored at the newly dredged winter harbour site at McKinley Bay, while a second is en route to the same location.

The two other drillships will continue to conduct relatively shallow drilling operations, one at the Kopanoar stepout well which is 2¼ miles from the Kopanoar M-13 oil discovery and the other at the Koakoak well 30 miles east of Kopanoar.

By commencing the Kopanoar stepout this season the company says it hopes to reach the potential oil productive interval during early August, 1980.

* * *

Two new wells drilled by Natomas outside the previously known production boundaries of the Selatan field in the south-east Sumatra contract area in the Java Sea of Indonesia have proved *successful.* They confirm sufficient reserves to begin development of a new platform—Selatan C.

Selatan C is the third platform in the Selatan field, and will be located approximately two miles southwest of Selatan A and one and a half miles west south west of Selatan B. Production is scheduled to begin in the third quarter of 1980.

The Selatan 12 well flowed at a cumulative rate of 957 barrels of oil per day and Selatan 4, an earlier well about three quarters of a mile from Selatan 12, flowed at a cumulative rate of 979 barrels of oil a day.

* * *

France's STE Nationale Elf-Aquitaine has been granted offshore exploration rights by Angola's state oil company Sonangol, according to ANGOP, the Angolan news agency.

The agreement, announced by the Angolan Oil Ministry, would involve a $41m investment by the French company over a three-year period. The concession covers an area of 4,000 square km and requires Elf-Aquitaine to undertake a seismic study and to drill 10 test wells.

Elf-Aquitaine will be the operating company and hold a 50 per cent interest but the group will include other foreign companies. The names of the partners, however, were not revealed. After costs have been recovered Sonangol will retain 15 per cent of the oil production in initial phases rising to 85 per cent later, ANGOP said.

* * *

Cities Service has signed a contract with Tunisia to explore a 180,877 acre offshore area. The company's initial commitment is to conduct a geophysical survey and drill one test oil well.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling firm

STERLING WAS firm in quiet foreign exchange trading yesterday, but rates for forward delivery were sharply weaker in expectation of a rise in Bank of England Minimum Lending rate. The upward trend in London interest rates helped spot sterling to improve however, with the pound gaining ground against the dollar and European currencies. On Bank of England figures, sterling's trade-weighted index rose to 66.6 from 66.1, after standing at 66.6 at noon and 66.5 in the morning.

The pound opened at $2.0670-$2.0680, and touched $2.0800-$2.0810 in early trading, before falling to $2.0725-2.0735 at noon. It closed at $2.0730-2.0740, a rise of 45 points on the day, also helped by news of higher North Sea oil prices.

The dollar's index, as calculated by the Bank of England, rose to 86.9 from 86.7. The U.S. unit finished near its best level of the day against most other major currencies, closing at DM1.7970 against the D-mark, compared with DM1.7900, and at SwFr 1.6540 against the Swiss franc, compared with SwFr 1.6440

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM1.7939 against the D-mark, compared with DM1.7903 on Monday. Trading was quiet and uneventful, with events in Iran remaining in the background. Before the fixing the U.S. currency moved within a narrow range of DM1.7920 to DM1.7955. The Belgian franc — the weakest member of the European Monetary System — fell to DM6.1870 per 100 francs from DM6.1890, and other EMS currencies also lost ground against the D-mark The French franc fell to DM4.2625 per 10 francs from DM4.2660, the Italian lire to DM2.1590 per 1,000 lira from DM2.1620, and the Danish krone to DM3.3740 per 10 krone from DM3.3850. The Irish punt also declined against the German currency, but sterling—not a member of the EMS — rose to DM3.7200 from DM3.6920.

BRUSSELS—The Belgian franc remained the weakest member of the European Monetary System but was fixed slightly firmer against the French franc which, apart from the Italian lira, is the strongest currency in the system. The French franc fell to BFr 6.8892½ from BFr 6.8965, compared with a highest permitted level of BFr 6.9600. The D-mark was firmer, however, rising to BFr 16.1637½ from BFr 16.1625, but was well within its EMS ceiling of BFr16.3955. The Danish krone weakened to BFr 5.4550 from BFr 5.4775, the lira to BFr 3.4910 per 100 lira from BFr 3.4995, and the Irish punt to BFr 59.85 from BFr 59.92. Outside the EMS, sterling improved to BFr 60.15 from BFr 59.6525, and the dollar to BFr 28.9950 from BFr 28.9275.

AMSTERDAM — The D-mark rose to Fl 1.1114 from Fl 1.1108½ at the fixing, the French franc to Fl 4.7380 per 10 francs from Fl 4.7370, and the Italian lira to Fl 2.4020 per 1,000 lira from Fl 2.3980. The Belgian franc—slightly weaker than the guilder at the bottom of the EMS—rose to Fl 6.8790 per 100 francs from Fl 6.8770. The dollar rose to Fl 1.9940 from Fl 1.9880 at the fixing, and sterling to Fl 4.1360 from Fl 4.1010.

MILAN—EMS currencies were slightly lower against the lira, with the D-mark easing to L462.82 from L462.93, and the French franc to L197.29 from L197.44. The Irish punt fell to L1,713.50 from L1,718, while sterling rose to L1,723.10 from L1,708.20. The dollar rose to L830.45

TOKYO—News of Mr. Ohira's re-election as prime ministers led to hopes that Japan's political confusion is now over and to a late improvement by the yen. The dollar closed little changed at Y237.17½

THE DOLLAR SPOT AND FORWARD

Nov. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0660-2.0810	2.0730-2.0740	0.08-0.18c dis	−0.76	0.35-0.45dis	[illegible]
Ireland†	2.0600-2.0670	2.0620-2.0670	0.50-0.30c pm	2.32	0.85-0.55 pm	[illegible]
Canada	1.1845-1.1848	1.1845-1.1848	0.21-0.17c pm	1.92	0.39-0.35 pm	[illegible]
Nethlnd.	1.9925-1.9945	1.9925-1.9945	0.98-0.88c pm	6.0	2.88-2.78 pm	[illegible]
Belgium	28.99-29.02	29.005-29.02	4½-3c pm	1.55	14-12 pm	[illegible]
Denmark	5.3130-5.3190	5.3130-5.3145	1.50-2.00ore dis	−3.95	3.75-4.25dis	[illegible]
W. Ger.	1.7920-1.7975	1.7965-1.7975	1.20-1.10pf pm	7.68	3.17-3.07 pm	[illegible]
Portugal	50.45-50.55	50.45-50.55	13-23c dis	−4.28	30-65 dis	[illegible]
Spain	66.48-66.67	66.59-66.63	30-50c dis	−7.21	105-130 dis	[illegible]
Italy	830.40-831.25	830.75-831.25	0.10-0.50lire dis	−0.43	1.25-1.75dis	[illegible]
Norway	5.0285-5.0370	5.0360-5.0370	1.0ore pm-par	1.19	2.0-1.0 pm	[illegible]
France	4.2100-4.2165	4.2150-4.2165	0.75-0.65c pm	1.99	1.75-1.55 pm	[illegible]
Sweden	4.2440-4.2510	4.2500-4.2510	1.50-1.30ore pm	3.95	3.50-3.30 pm	[illegible]
Japan	236.80-238.45	238.25-238.35	1.95-1.80y pm	9.44	4.90-4.75 pm	[illegible]
Austria	12.87¾-13.00	12.90-13.00	8.0-7.5gro pm	7.18	23.5-22.0 pm	[illegible]
Switz.	1.6440-1.6560	1.6535-1.6545	1.85-1.80c pm	13.24	4.93-4.88 pm	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0660-2.0810	2.0730-2.0740	0.08-0.18c dis	−0.76	0.35-0.45dis	[illegible]
Canada	2.4465-2.4635	2.4545-2.4655	0.25-0.15c pm	0.97	0.50-0.40 pm	[illegible]
Nethlnd.	4.11-4.15½	4.14-4.15	2-1c pm	4.34	5¼-4¼ pm	[illegible]
Belgium	59.70-60.30	60.10-60.20	7c pm-3c dis	−3.98	18-8 pm	[illegible]
Denmark	10.95-11.04	11.01½-11.02½	3½-5¾ore dis	−5.17	8½-10½ dis	[illegible]
Ireland	1.0010-1.0070	1.0050-1.0060	0.21-0.31p dis	−3.10	0.60-0.70 dis	[illegible]
W. Ger.	3.69½-3.74½	3.72½-3.73½	2½-1½pf pm	6.43	6¼-5¼ pm	[illegible]
Portugal	104.15-105.15	104.50-104.80	45-85c dis	−8.02	100-200 dis	[illegible]
Spain	136.85-138.15	138.00-138.10	35-85c dis	−5.21	150-250 dis	[illegible]
Italy	1,712-1,725	1,723½-1,724½	1-3lire dis	−1.38	5½-7½ dis	[illegible]
Norway	10.37-10.46	10.43½-10.44½	1ore pm-1ore dis	—	2½-4½ dis	[illegible]
France	8.68-8.75½	8.74-8.75	1¼-¼c pm	1.03	2½-1½ pm	[illegible]
Sweden	8.76-8.83	8.81½-8.82½	2ore pm-par	1.36	6-4 pm	[illegible]
Japan	488-496	493½-494½	3.75-3.45y pm	8.74	9.35-9.05 pm	[illegible]
Austria	26.60-26.80	26.75-26.80	17-7gro pm	5.38	50-40 pm	[illegible]
Switz.	3.39½-3.44	3.42½-3.43½	4-3c pm	12.24	9¼-8¼ pm	[illegible]

Belgian rate is for convertible francs. Financial franc 61.40-61.50c pm. Six-month forward dollar 0.03-0.13c dis, 12-month 0.90-0.70c pm.

CURRENCY RATES

Nov. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.625525	0.671249
U.S. $	12	1.29952	1.38209
Canadian $	14	1.52937	1.62916
Austria Sch.	3¾	16.5806	17.7598
Belgian F.	10	37.3026	39.9875
Danish K.	11	6.79577	7.30434
D Mark	6	2.30863	2.47477
Guilder	8½	2.56357	2.74900
French Fr.	9½	5.41147	5.79993
Lira	12	1068.37	1145.06
Yen	6¼	304.843	327.693
Norwgn. Kr.	7	6.48664	6.93463
Spanish Pts.	8	85.3894	91.5772
Swedish Kr.	8	5.46731	5.85867
Swiss Fr.	1	2.11804	2.27215

CURRENCY MOVEMENTS

Nov. 6	Bank of England Index	Morgan Guaranty changes %
Sterling	66.6	Unavail
U.S. dollar	86.9	—
Canadian dollar	80.3	—
Austrian schilling	158.6	—
Belgian franc	115.1	—
Danish kroner	114.3	—
Deutsche mark	156.0	—
Swiss franc	200.2	—
Guilder	124.3	—
French franc	100.8	—
Lira	54.7	—
Yen	120.1	—

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 6	£	$		£ Note Rates
Argentina Peso	3165-3185	1525-1535	Austria	26.5-27.5
Australia Dollar	1.8870-1.8970	0.9115-0.9120	Belgium	61.00-62.00
Brazil Cruzeiro	64.00-65.00	30.85-31.35	Denmark	10.90-11.10
Finland Markka	7.90-7.92	3.8140-3.8160	France	8.65-8.80
Greek Drachma	77.005-78.865	37.30-37.45	Germany	3.67-3.77
Hong Kong Dollar	10.42¼-10.44¼	5.0340-5.0370	Italy	17.00-17.50
Iran Rial	146.0-153.5	70.35-74.00	Japan	4.96-5.06
Kuwait Dinar (KD)	0.576-0.586	0.2801-0.2802	Netherlands	4.10-4.20
Luxembourg Frc.	60.10-60.20	29.00-29.02	Norway	10.25-10.55
Malaysia Dollar	4.5425-4.5525	2.1925-2.1935	Portugal	102-110
New Zealand Dlr.	2.1420-2.1520	1.0340-1.0355	Spain	135-141
Saudi Arab. Riyal	6.94-7.04	3.3710-3.3725	Switzerland	3.38-3.48
Singapore Dollar	4.5325-4.5425	2.1850-2.1870	United States	2.07-2.09
Sth. African Rand	1.7150-1.7250	0.8280-0.8290	Yugoslavia	44½-46½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.0265	+0.45	+0.57	±1.53
Danish Krone	7.36594	7.34123	−0.34	−0.22	±1.635
German D-Mark	2.48557	2.47690	−0.35	−0.23	±1.129
French Franc	5.85522	5.81086	−0.76	−0.64	±1.3575
Dutch Guilder	2.74748	2.75260	+0.19	+0.30	±1.515
Irish Punt	0.669141	0.669210	+0.01	+0.13	±1.665
Italian Lira	1159.42	1146.36	−1.13	−1.13	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Nov. 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.074	3.730	494.5	8.745	3.430	4.145	1724.	2.455	60.15
U.S. Dollar	0.482	1.	1.799	238.4	4.216	1.654	1.999	831.4	1.184	29.01
Deutschemark	0.268	0.556	1.	132.5	2.345	0.920	1.111	462.2	0.658	16.13
Japanese Yen 1,000	2.025	4.196	7.547	1000.	17.69	6.940	8.386	3488.	4.967	121.7
French Franc 10	1.144	2.371	4.265	565.3	10.	3.922	4.740	1971.	2.807	68.78
Swiss Franc	0.292	0.605	1.087	144.1	2.550	1.	1.208	502.5	0.716	17.54
Dutch Guilder	0.241	0.500	0.900	119.2	2.110	0.828	1.	415.9	0.592	14.51
Italian Lira 1,000	0.580	1.203	2.164	286.7	5.075	1.990	2.404	1000.	1.424	34.89
Canadian Dollar	0.407	0.845	1.519	201.3	3.562	1.397	1.688	702.2	1.	24.50
Belgian Franc 100	1.663	3.447	6.201	821.7	14.54	5.702	6.891	2866.	4.081	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.95-15.05 per cent; three months 15.50-15.60 per cent; six months 15.00-15.25 per cent; one year 14.00-14.10 per cent.

Nov. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n/a	14⅜-14⅝	11½-12	9⅞-10⅛	¾-1	7⅛-7¼	11⅞-12⅛	11-13	—	5⅜-5⅝
7 days' notice	13⅝-14⅛	14½-14¾	12-13	9⅞-10⅛	1¼-1⅜	7⅛-7⅜	12-12¼	12-14	14⅞-14⅞	4⅝-5⅛
Month	14⅝-14½	14⅞-15⅛	13¼-13⅝	9⅞-10⅛	2⅛-2⅛	8-8⅛	13⅛-13⅝	13-15	15-15⅛	5⅞-5⅞
three months	15⅛-15¼	15⅛-15⅞	14⅛-14⅛	10⅛-10⅝	3⅛-3⅝	8¼-8⅞	14⅛-14⅝	15¾-16¾	16-16⅛	7⅛-7⅝
six months	15⅛-15¼	15¼-15⅛	13⅞-14⅛	10⅛-10⅝	4⅛-4⅛	8¼-8⅝	14⅛-14⅝	16⅛-17⅛	15¼-15⅝	7¼-7⅛
one year	14⅝-14¾	14⅛-14⅝	13¼-13⅝	9⅞-10⅛	4⅛-4¼	8⅛-8⅝	14-14¼	16¼-17¼	14⅞-14⅞	6⅞-7⅛

Long-term Eurodollar two years 13-13¼ per cent; three years 12½-12¾ per cent; four years 12½-12¾ per cent; five years 12-12½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates up

Interest rates were mostly firmer in Belgium yesterday with the Belgian National Bank increasing the three-month Treasury bill rate and four month bond paper to 14.2 per cent. Three-month certificates previously stood at 14 per cent and four month paper at 14.1 per cent. Rates on one and two month Treasury certificates were left unchanged at 14 per cent. Despite this latest move, market sources suggested that the Bank rate, currently standing at 10 per cent, is unlikely to be changed at today's weekly meeting at the National Bank. However such increases in paper rates have sometimes preceded an increase in key lending rates in the past.

Deposit rates for the Belgian franc (commercial) continued to rise yesterday, with one-month deposits quoted at 14⅛-14⅜ per cent compared with 14-14¼ per cent on Monday, and three-month deposits at 14⅜-14⅝ per cent against 14¼-14½ per cent. The six-month rate rose to 13¾-14 per cent from 13⅝-13⅞ per cent and 12-month deposits were higher at 12¾-13 per cent from 12½-12¾ per cent previously.

FRANKFURT—Interest rates were slightly easier in the short end, but tended to look a little firmer in the longer periods. Call money dipped to 7.60-7.80 per cent from 7.90-8.00 per cent on Monday and one-month money was easier at 8.40-8.55 per cent against 8.60-8.80 per cent. The three-month rate was slightly up at 9.60-9.80 per cent compared with 9.50-9.70 per cent previously and six-month money rose from 9.20-9.40 per cent to 9.30-9.50 per cent. 12-month money stood at 8.90-9.20 per cent against 9.00-9.20 per cent.

PARIS—Call money remained at 11¾ per cent yesterday and period rates showed little overall change. One-month money stood at 12¼-12½ per cent unchanged, with three-month money at 12⅝-12⅞ per cent against 12⅝-12¾ per cent previously. The six-month rate was steady at 12⅝-12⅞ per cent with 12-month money quoted at 12¾-13 per cent against 12¾-13 per cent.

HONG KONG—Conditions in the money market were easy, with call money at 8¾ per cent and overnight business dealt at 4 per cent.

MONEY RATES

NEW YORK	
Prime Rate	15¼
Fed Funds	14-14½
Treasury Bills (13-week)	12.06
Treasury Bills (26-week)	12.16
GERMANY	
Discount Rate	6
Overnight Rate	7.70
One month	8.47½
Three months	9.70
Six months	9.40
FRANCE	
Discount Rate	9.5
Overnight Rate	11.75
One month	12.1875
Three months	12.8125
Six months	12.8125
JAPAN	
Discount Rate	6.25
Call (Unconditional)	6.9375
Bills Discount (three-month)	7.875

GOLD

Further rise

Gold rose $3 to close at $383½-384½ in quiet trading. The threat to world oil supplies caused by the situation in Iran encouraged the firmer trend, despite the continued firmness of the dollar. The metal opened at $377½-379, and was fixed at $382.80 in the morning, and $384.30 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 53,000 per kilo ($391.58 per ounce) in the afternoon, compared with FFr 52,950 ($391.42) in the morning, and FFr 51,900 ($383.92) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 22,065 per kilo ($382.48 per ounce), compared with DM 21,780 ($378.46) previously.

	November 6		November 5	
Gold Bullion (fine ounce)				
Close	$383½-384½	(£185-185½)	$380½-381½	(£184-184½)
Opening	$377½-379	(£181¾-182½)	$377-379	(£183¼-184¼)
Morning fixing	$382.80	(£184.482)	$378.00	(£182.962)
Afternoon fixing	$384.30	(£185.142)	$381.00	(£184.799)
Gold Coins				
Krugerrand	$394-395	(£190-191)	$391-393	(£189-190)
Mapleleaf	$397-401	(£191½-195½)	$395-401	(£190-194)
New Sovereigns	$99-100	(£47¾-48¼)	$98½-99½	(£47½-48½)
King Sovs	$110½-111½	(£53¼-54¼)	$110-111	(£53-54)
Victoria Sovs	$111½-112½	(£53½-54½)	$113½-115½	(£55-56)
Fr 20 Napoleon	FFr410-420	(SFr160½-163½)	FFr415-425	(SFr162-165)
50 pesos Mexico	$476½-478½		$472-474	
100 Cor. Austria	$370-372		$370½-372½	
$20 Eagles	$498-501		$494-497	
$10 Eagles	$258-273		$255-270	
$5 Eagles	$213-233		$210-215	

UK MONEY MARKET

Firmer rates

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Worse than expected banking figures pushed interest rates sharply firmer yesterday, with most periods showing very wide spreads in view of the current uncertainty. Market reaction to the sharply firmer underlying trend in the money supply proved to be predictable, but market sources were uncertain as to when, if at all, the MLR might be increased from its present level of 14 per cent. Three-month interbank money rose to 15¼-15½ per cent from 14⅞-15 per cent and three-month sterling CDs were quoted at a nominal rate of 15¼-15 per cent against 15-14¾ per cent previously.

Day to day credit appeared to be in slightly short supply, and the authorities bought a small amount of Treasury bills and a small number of corporation bills, all direct from the discount houses. Total assistance was termed as small. The market was faced with a small net take up of Treasury bills to finance and banks brought forward balances a very small amount below target.

Discount houses were paying around 13½ per cent for secured call loans at the start, with closing balances taken down to 11 per cent in places. Later balances in the interbank market proved to be more expensive with late money somewhat surprisingly commanding 15 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Nov. 6 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9⅛-15	—	—	—	13½	11-13½	—	—	—
2 days notice	—	—	14⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	14-14¼	14¼-14⅜	—	14⅜	14¼	13⅜-13⅞	—	—	—
One month	14⅞-14⅝	14¾-14⅞	14¼-14⅞	15-15½	15	15¼	13⅞-14	13⅞-13⅞	14⅞-15	14⅞
Two months	15⅛-14⅞	15-15⅛	—	15¾-15½	15¼	—	13⅞-14	13⅞-14	15-15¼	15⅛
Three months	15¼-15	15⅛-15¼	14⅝-14⅞	15⅝-15⅛	15⅜	15¼	14	13⅞-14⅛	15-15¼	15
Six months	15¼-15	15-15¼	14½-14⅞	15⅛-15	15⅝	—	—	—	14⅞-14⅝	14⅝
Nine months	15-14⅝	14½-14⅞	—	15⅝-14⅞	15	—	—	—	—	—
One year	14¾-14½	14⅝-14⅝	13⅝-14⅛	14¾-14⅝	14⅜	—	—	—	—	—
Two years	—	—	13⅝-14	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 13½-14 per cent; four years 13½-14 per cent; five years 13½-14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞-15 per cent; four-month trade bills 15 per cent.

Approximate selling rates for one-month Treasury bills 13⅞ per cent; two-months 13⅞ per cent; three-months 13⅞ per cent. Approximate rate for one-month bank bills 14⅞ per cent; two-months 14⅞ per cent; and three-months 14⅞ per cent; one-month trade bills 14⅞ per cent; two-months 14⅞ per cent and three-months 14⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.4 ... per cent.

هكذا من الأصل

Bangkok feels Mr. Volcker's rigour

BY PHILIP BOWRING

THE RIPPLE effect of record U.S. interest rates has been quick to arrive in other parts of the world—not least in Thailand. Bangkok's distance from New York does not necessarily make the waves any smaller. Indeed, Mr. Paul Volcker, the chairman of the U.S. Federal Reserve, may have triggered off a credit crunch in Thailand before one hits the U.S. itself.

A squeeze could send the nervous stockmarket, which has already fallen by a third since its all time peak at the end of last year, crashing again. Several finance companies which are believed already shaky—a leading one, Raja Finance, collapsed earlier this year — would also be endangered. A squeeze could also severely curtail domestic investment at a time when confidence has been holding up remarkably well in the face of the war on Thailand's eastern border.

Modest

Officials of the Bank of Thailand, the central bank, are working hard on means to alleviate the situation. Billions of Baht have been pumped into the system in the past few weeks to offset severe contractionary influences on money supply. However, both institutional restraints and lingering worries about inflation limit such intervention.

Thailand's financial system badly needs an injection of dollars to fund both a continuing deficit in its current account, and a big exodus of short-term foreign funds which has followed the U.S. rate hikes.

There is a growing possibility that the Government, traditionally a very modest borrower on international commercial markets, may raise a large foreign loan both to help the balance of payments and to give it more room to manoeuvre in handling domestic liquidity problems.

Meanwhile the Government must face up to the issue which has made high U.S. interest rates from being a modest inconvenience to a major problem for Thailand. That is a long standing anti-usury law which prohibits the charging of interest above 15 per cent per annum.

Banks are now repaying or not renewing dollar borrowings because the cost of them now exceeds what can legally be charged. In addition to rates on new money of more than 15 per cent, banks, unless they can match forward positions internally, must pay around 1.5 per cent for forward cover against movements in the Baht/dollar rate.

Foreign banks and finance companies which are particularly reliant on the offshore market will soon be very badly squeezed as older borrowings mature. But even the big local banks, cushioned by the generous spreads between Baht deposit rates (a maximum 9 per cent) and lending rates are beginning to hurt.

Foreign banks and finance companies get some funds from the Baht interbank market but this is thin, already rates are up to 15 per cent. Finance companies can bid what they like for funds and are attracting some big depositors with rates of 12-13 per cent or more. But there is very limited supply of such money. Meanwhile the squeeze is being further exacerbated as some prime companies are repaying direct dollar borrowings and taking cheaper Baht instead thus making it all the more difficult for non-prime names to get Baht at all.

No figures are yet available so it is difficult to tell the extent of dollar repayments, but the situation is likely to get worse before it gets better. In May, the Government, in order to step up capital inflow, granted a temporary waiver on the 10 per cent Withholding Tax normally charged on interest paid offshore. The waiver has been extended but next month will see the maturing of such six-month borrowing made when the tax was first lifted and in the new conditions much may not be rolled over.

New avenues

In the first six months of this year offshore interbank liabilities of commercial banks in Thailand rose by some 40 per cent to 34bn Baht, representing a short-term capital inflow during the period of $500m (excluding finance companies for which figures are not available). The gross figure for offshore liabilities is believed to have peaked at over 40bn Baht ($2bn) in September. How much has been repaid is not publicly known, but sources told the Financial Times that one indicator was that commercial bank borrowings from the Bank of Thailand had risen 50 per cent to 15bn Baht in a matter of weeks.

There is a limit to the central bank's ability to provide credit through this loan window. Loans must be backed by Government securities. But because reserve ratios for banks are a low 7 per cent their holdings of securities are quite small. New avenues may be needed, in addition to a recently started repurchase market for Government securities. But even with improved mechanisms, the Government would be in a bind. It cannot afford to make the Baht too available without encouraging further dollar repayments which would drain foreign exchange reserves.

It remains to be seen whether the Government has the courage to tackle the interest ceiling usury law problem. This is a particularly sensitive issue because of the recent big oil induced utility and other price rises that General Kriangsak Chomanan's none too sturdy Government has had to allow.

Banks in Thailand are widely regarded as being too big, powerful and profitable already. But the fact is that the main sufferers from the present situation are small businessmen who either cannot get credit at all, or must make under-the-counter payments to avoid the interest ceiling, or must rely on the unofficial "kerbside" money market where rates are now over 30 per cent.

Lifting the ceiling would restore approximate equilibrium with rates on the dollar, the currency to which the Baht has been effectively pegged for the past 25 years. Higher cost credit would be a restraining factor on business, especially construction, but because returns on investment in Thailand are high the impact is unlikely to be as great as in more developed nations.

Ending the ceiling would also permit a rise in deposit rates. As a result of low rates, inflationary expectations and the trade deficit, bank deposits rose only 4 per cent in the first half of the year. But advances increased 13 per cent as business expansion continued and companies needed more working capital to meet higher prices.

Fast lending and slow deposit growth exacerbate a trend of declining liquidity which has been in progress for more than two years. The banks' loan to deposit ratio, which was 90 per cent in early 1977, reached 95 per cent a year later, 100 per cent by the beginning of this year, 106 per cent by June and is now understood to be about 117 per cent.

Tighter money was in part a deliberate Government policy to restrain inflation and reduce the balance of trade deficit which had begun to reach a troubling size. But it did not discourage overseas borrowing by banks which offset slow local deposit growth and the current account deficit. In 1978 overseas liabilities of banks rose by 10bn Baht making a major contribution to plugging the 24bn Baht current account deficit. This year's current deficit is likely to be of similar size with the impact of the oil price rise being largely offset by better than expected prices for Thailand's agricultural exports.

Encouragement

The Government had been looking to the banks for a repeat rise in their foreign borrowing. Following the lifting of interest withholding tax, the top five commercial banks all made floating rate note issues on the Euromarket with official encouragement.

But until the interest rate problem is resolved, foreign funding will diminish rather than increase. The cost of forward cover precludes borrowing cheaper currencies like Deutsche-marks unless a way can be found of passing on the exchange risk to the borrower.

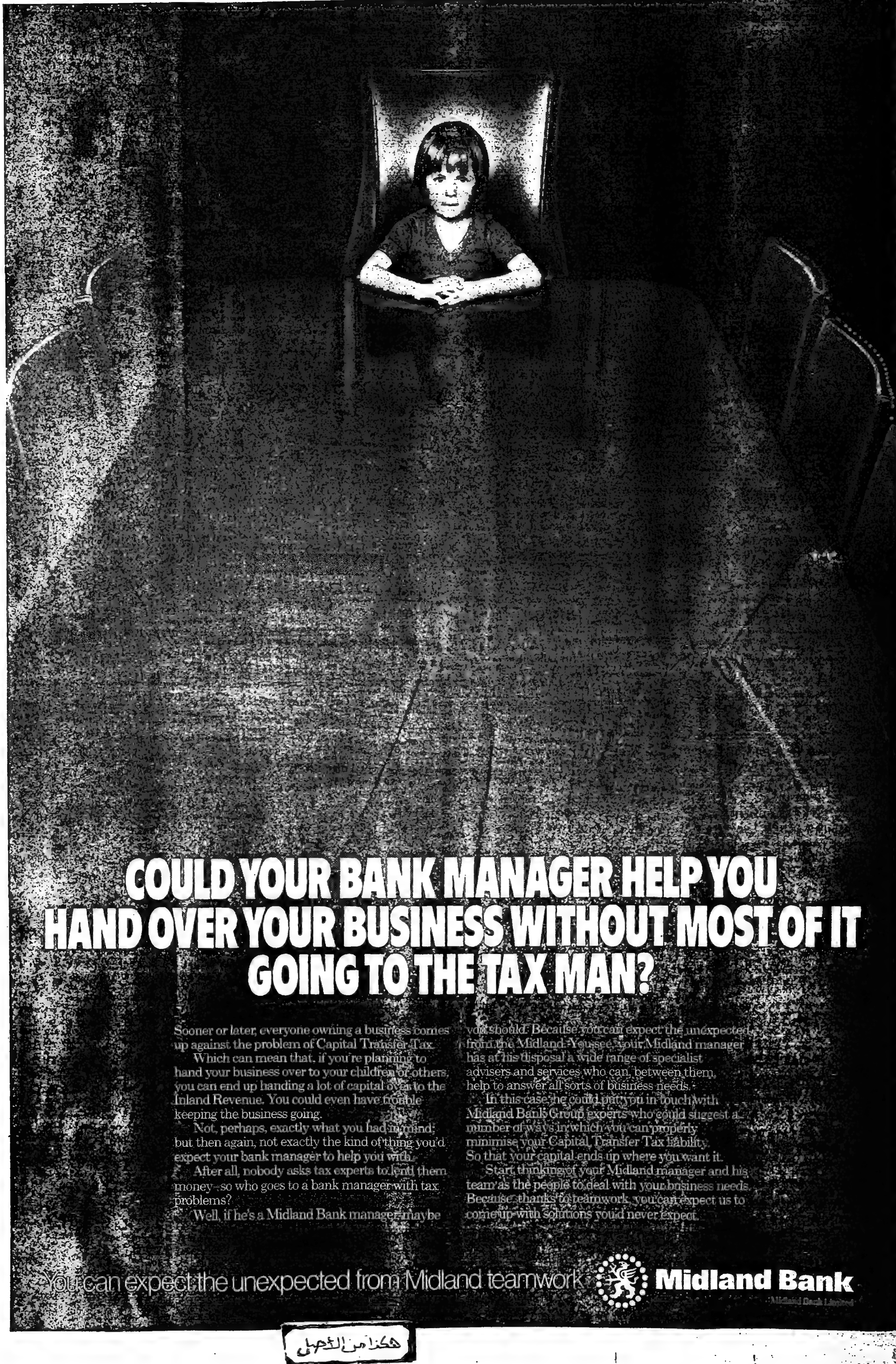
That again points to the possibility that the Government itself may have to play a larger role in lining up the international borrowings Thailand needs.

Overall, Thailand's present financial problems are more technical than fundamental. Many developed as well as developing nations would envy its low debt service ratio, the buoyant prices for its food commodities and the good name that years of innate conservatism have given to its government and banks. Mr. Volcker's measures are triggering more serious strains than the Thai financial system has known in years.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bank	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
E. T. Trust Limited	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12½% and over £25,000 12¾%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.


COULD YOUR BANK MANAGER HELP YOU HAND OVER YOUR BUSINESS WITHOUT MOST OF IT GOING TO THE TAX MAN?
Sooner or later, everyone owning a business comes up against the problem of Capital Transfer Tax.
Which can mean that, if you're planning to hand your business over to your children or others, you can end up handing a lot of capital over to the Inland Revenue. You could even have trouble keeping the business going.
Not, perhaps, exactly what you had in mind; but then again, not exactly the kind of thing you'd expect your bank manager to help you with.
After all, nobody asks tax experts to lend them money—so who goes to a bank manager with tax problems?
Well, if he's a Midland Bank manager, maybe you should. Because you can expect the unexpected from the Midland. You see, your Midland manager has at his disposal a wide range of specialist advisers and services who can, between them, help to answer all sorts of business needs.
In this case, he could put you in touch with Midland Bank Group experts who could suggest a number of ways in which you can properly minimise your Capital Transfer Tax liability. So that your capital ends up where you want it.
Start thinking of your Midland manager and his team as the people to deal with your business needs. Because, thanks to teamwork, you can expect us to come up with solutions you'd never expect.
You can expect the unexpected from Midland teamwork.
Midland Bank

NORTH AMERICAN NEWS

Curtiss-Wright lifts stake in Kennecott Copper

BY STEWART FLEMING IN NEW YORK

CURTISS-WRIGHT, the diversified manufacturer of aerospace and heavy process plant equipment, has lifted its stake in Kennecott Copper, the largest U.S. copper company, to 13.5 per cent.

It has indicated to the Securities and Exchange Commission that it will raise its holding to over 15 per cent, and there is speculation on Wall Street that it might take its holding to around 20 per cent. At this point the company could begin to consolidate its share of Kennecott's earnings

The move could have a significant impact on Curtiss-Wright, for Kennecott has recently announced an improvement in profits. In the third quarter, Kennecott reported net income of $23.4m compared with a loss of $9.9m a year ago.

Curtiss-Wright's interest in Kennecott goes back to late 1977 when it bought 9.9 per cent of the Kennecott equity and launched a proxy battle for control of the company's Board, partly on the argument that Kennecott's acquisition of Carborundum was a mistake.

Kennecott won the battle, but a compromise agreement resulted in Mr. Roland I. Berner, the Curtiss-Wright chairman, being elected to the Kennecott Board.

Curtiss-Wright last year reported sales revenues of $318m and net profit of $16.7m. Kennecott's 1978 sales revenue was $1.88bn and its net income was $5m. For the first nine months of this year, however, Kennecott's profit was $77.9m.

CANADIAN NEWS

Thomson Newspapers ahead

BY ROBERT GIBBENS IN MONTREAL

THOMSON NEWSPAPERS, the North American newspaper group of the Thomson interests, earned C$42.9m (U.S.$36.17m) or 36 cents a share in the first nine months against C$39m or 78 cents a year earlier on operating revenues of C$245m (U.S.$206m) against C$222m.

The company said that the profit growth in the third quarter was adversely affected by two strikes, one of which was recently settled. Results should continue favourably for the rest of 1979.

So far this year the company has bought three daily newspapers, in Iowa, Kansas and California.

Loblaw Companies, the main Canadian grocery group, controlled by George Weston, earned C$14.2m (U.S.$11.97m) or 36 cents a share in the 40 weeks ended October 6, against C$11.7m or 30 cents a year earlier on sales of C$3.5bn (U.S.$2.95bn) against C$3.1bn.

However, the company gave a warning that sharply higher interest rates and their effect on the economy may retard profit growth. The company says it is in a strong position now to withdraw competitive pressures.

In the 16 weeks ended October 6, profit was C$7m or 18 cents a share against C$5.8m or 16 cents on sales of C$1.5bn against C$1.3bn.

Minister proposes third airline

BY VICTOR MACKIE IN OTTAWA

AIR CANADA and CP Air should consider establishing a third jointly-owned airline to handle international traffic, Mr. Don Mazankowski, the Canadian Transport Minister, said on Monday in an address to the Air Transport Association of Canada. The two airlines are competing against each other instead of meeting foreign competition, he said.

"It is folly for a country such as Canada to have two airlines competing for the same (international) routes . . . given the energy crisis and the airport situation," said the Minister.

He denied reports that the new Conservative Government was planning to sell Air Canada, as it is now doing with some other crown corporations. However, he said, individual Canadians might be permitted to buy shares in Air Canada.

Mr. Mazankowski said he would like to see more competition in fares and sugested that current regulations might be replaced with price floors and ceilings.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	86⅝	86⅞	−0⅛	+1⅛	12.54
Alex Howden XW 9¾ 91	30	76	77¼	−0⅛	−0⅛	13.59
Australian Res. 9¼ 84	30	91⅞	92⅜	0	+0½	11.85
Avco O/S Cap. 10¼ 87	40	83½	84¼	0	+1⅛	13.79
Beneficial Fin. 9⅛ 87	100	87⅝	88⅛	0	0	12.19
CECA 10⅛ 91	150	87⅛	87⅝	−0⅛	0	12.87
CECA 9⅞ 99	125	80⅞	81⅜	0	−0⅛	12.71
Canadian Pacific 9⅞ 89	50	88⅞	89⅜	−0⅛	0	11.68
Carter Hawley 9¾ 86	50	88½	89	0	−0⅛	12.29
Comalco Inv. E. 10⅛ 91	40	88⅛	89	0	+0⅛	12.07
Continental Grp. 9⅞ 86	100	89	89½	+0⅛	0	12.04
Dome Petroleum 10 94	50	86⅝	87⅛	−0⅛	−0⅛	11.90
Dominion Bridge 10¼ 84	30	91½	92	−0⅛	−0⅛	12.65
Dow Chem. O/S 9¾ 94	200	85⅞	86⅜	0	+0⅛	11.64
EIB 9⅞ 87	150	90⅝	91⅛	0	+0⅛	12.01
EIB 10 99	150	88⅝	89⅛	+0⅛	+0⅛	11.72
EIB 10¼ 87	100	91⅝	92⅛	+0⅛	+0⅛	12.09
EIB 10.15 99	100	89⅝	90⅛	+0⅛	+0⅛	11.73
Export Dv. Cpn. 9⅞ 84	100	91	91½	−0⅛	−0⅛	11.92
Export Dv. Cpn. 9¾ 84	150	92⅛	92⅝	−0⅛	−0⅛	11.37
Finland 9½ 89	100	88½	89	0	−0⅛	12.11
Finland 9⅜ 86	100	86⅝	87⅛	0	+0⅛	12.28
GTE Finance 9½ 84	50	89⅝	90⅛	−0⅛	+0½	12.80
GTE Finance 9⅜ 86	55	86⅛	86⅝	−0⅛	−0⅛	12.21
General Motors 9⅜ 86	100	88⅝	89⅛	0	−0⅛	11.70
Gould Int. Fin. 9⅞ 85	50	90⅛	90⅝	+0⅛	+0⅛	12.29
Hudson Bay Co. 10 94	50	88⅛	88⅝	0	0	11.70
ITT Antilles 9½ 89	75	86⅝	87⅛	−0⅛	−0⅛	11.85
Kennecott Int. 9½ 86	100	85⅞	86⅜	0	−0⅛	12.72
Manitoba 9½ 89	75	87⅛	87⅝	−0⅛	−0⅛	11.73
Michelin 10 94	125	87⅝	88⅛	0	0	11.75
Nat. Des. Telecm. 9½ 89	100	88⅝	89⅛	0	+0⅛	11.85
New Brunswick 9⅞ 94	75	86	86½	−0⅛	+0⅛	11.78
Newfoundland 10 94	50	87⅝	88⅛	0	0	11.77
Norges Komm. 9⅞ 99	100	88⅛	88⅝	0	+0⅛	11.86
Norway 9½ 84	150	92	92½	0	−0½	11.78
Nova Scotia Pwr. 9⅞ 89	50	87⅝	88⅛	−0⅛	+0⅛	11.92
Occidental Fin. 10¼ 84	50	90⅛	90⅝	0	+0⅛	13.14
Orient Leasing 9½ 86	25	88⅛	88⅝	0	−0⅛	12.12
Pennwalt O/S F. 9⅞ 84	25	90½	91	−0⅛	−0⅛	12.49
Pepsico Cap. 9⅜ 84	100	91½	92	0	0	11.76
Quebec Hydro 10 99	75	88⅛	88⅝	0	+0⅛	11.50
Sears Roebuck 9 82	150	93	93½	0	−0⅛	12.53
Statoil 9⅞ 89	100	87⅞	88⅜	−0⅛	+0⅛	11.71
Sweden 9⅜ 89	100	88⅛	88⅝	−0⅛	−0½	11.78
Sweden 9½ 86	200	89⅝	90⅛	−0⅛	+0⅛	12.10
Sweden 9⅜ 84	100	92⅜	92⅞	−0⅛	−0⅛	11.83
Unilever NV 9¾ 87	100	87⅞	88⅜	+0⅛	+0⅛	11.71
Warner-Lambert 9 84	100	90⅛	90⅝	−0⅛	+0½	11.69

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	93⅝	94	−0⅛	−0⅛	8.49
Asian Dev. Bk. 7¼ 89	100	92⅝	93½	+0⅛	−0⅛	8.30
Banco Desarrollo 7½ 86	100	93	93⅝	+0⅛	+1⅛	8.64
Barclays O'seas 6⅞ 89	100	93½	94½	−0½	+0⅛	7.89
Brazil 8 87	150	95½	96⅛	0	−0⅛	8.74
CECA 7 91	150	92⅝	93⅛	−0⅛	0	7.94
Council of Eur. 7¼ 89	100	95½	96⅛	0	+0⅛	7.87
Denmark 6½ 89	100	89⅝	90⅛	−0½	−0½	8.11
EIB 7¼ 89	200	96⅝	97½	−0½	−1½	7.93
EEC 7⅞ 84	225	96½	97¼	0	0	8.25
Eletrobras-Brazil 7 87	100	93½	94	−0½	−0⅛	8.17
Eurofima 6½ 89	100	94⅛	95½	−0⅛	+0⅛	7.24
Kobe, City of 7⅛ 89	150	94⅝	95½	+0⅛	−0⅛	7.85
Mitsubishi Chem. 6½ 84	70	94⅞	95⅜	+0⅛	+0⅛	7.78
New Zealand 7¼ 87	200	95⅛	95⅝	0	0	7.91
Nippon Kokan 6½ 84	100	94⅞	95⅜	0	−0⅛	7.80
Nippon Tel. & T. 5½ 87	100	85⅞	86⅜	−0⅛	−0⅛	8.08
Norges Komm. 7½ 91	150	98⅝	99½	−0½	−0⅛	7.86
Norway 6¾ 84	200	94⅝	95½	−0½	+0⅛	7.58
OKB 6 87	40	†91½	92½	0	+0⅛	7.46
OKB 7⅛ 89	100	96⅝	97½	−0⅛	−0⅛	7.89
Petrobras 8 89	125	†95⅛	96	+0⅛	0	8.67
Tokyo Elec. Pwr. 6½ 85	200	93⅝	94	−0⅛	−0⅛	7.96
World Bank 7¾ 91	400	96	96⅝	0	−1⅛	8.24

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	†98⅛	99½	0	0	5.58
Aumar 5 89	60	97⅝	98½	−0½	−1⅛	5.25
Australia 3⅝ 89	250	91⅞	92⅛	−0⅛	−0⅛	4.69
Bergen, City of 4⅝ 91	40	95¼	95½	−0½	−0⅛	5.29
BNDE 5 89	75	89½	90	−0⅛	−1⅛	6.43
BMW Overseas 4¼ 91	100	95⅛	95⅝	−0⅛	−1⅜	4.78
Caisse Nat. Tele. 4⅜ 89	100	95½	96	−0⅛	0	4.93
Canada 3⅝ 89	300	93	93½	−0½	−0⅛	4.52
Copenhagen 4½ 91	60	95⅞	96⅛	−0⅛	−1⅛	4.95
EIB 4½ 91	100	†94½	95½	−0⅛	−0⅛	5.06
EIB 4⅝ 94	100	†95	95¼	−0½	−0⅛	4.84
Elet. de France 4⅝ 89	100	96½	97	+0⅛	+0⅛	4.78
GZB 4¼ 89	100	†91	91½	−2⅞	−3⅞	5.41
Hilti 4½ 91	35	98¼	98½	−0⅛	−0⅛	4.43
ICI Fin. NV 3½ 94	230	86	86⅝	−0⅛	−1⅛	4.85
Int.-Amer. Dev. 4½ 89	100	91½	92¼	+0⅛	−1⅛	5.60
Malaysia 5 89	80	92½	92⅞	−0⅞	−0½	6.01
Nippon Tel. & T. 4⅝ 89	100	95½	95⅞	−1	−1⅝	4.81
Nordic Bank 5 89	45	99⅛	99⅝	+0⅛	+1⅛	5.06
Norges Komm. 4⅝ 91	100	93½	93⅝	−0⅛	−0½	5.10
OKB 3⅝ 91	100	†85	85½	0	−2⅞	5.53
OKB 4⅛ 91	100	91½	92	−0⅞	−2½	5.33
Pfand. Ost. Lande 4 90	60	91½	92⅛	−0⅛	−0⅞	5.01
Philippines 4⅝ 89	50	94⅝	95⅛	−0⅛	+0⅛	5.46
Shikoku El. Pwr. 4⅝ 89	100	97⅝	98	−0⅛	−1⅛	5.03
Spain 4 91	100	92½	92⅞	−0½	−0⅛	4.86
Steweag 4⅝ 91	60	98⅛	98⅝	−0⅛	−0⅛	4.92
Voest-Alpine 4⅝ 89	90	100⅛	100⅝	+1⅛	+0⅞	4.66
World Bank 4⅝ 88	100	96½	97	−0½	−2½	5.05
World Bank 4½ 89	150	92½	93	−2⅛	−3⅜	5.34
World Bank 4⅞ 91	100	†93⅛	93½	−1⅛	−1⅜	5.39

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 89	30	88⅛	89⅛	+0⅛	+0⅛	8.98
Australia 6½ 88	20	86⅝	87⅛	+0⅛	+0⅛	8.84
EIB 7⅛ 89	12	97⅝	98⅛	0	+0⅛	8.05
Finland 5.6 83	10	88⅝	89⅝	+0⅛	0	9.15
Finland 6.8 88	10	88⅛	89⅛	0	+0⅛	8.79

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95	95½	0	−0½	10.38
Avbo-Fin. 10⅛ 86 C$	25	88	88½	0	0	12.99
Bell Canada 10⅛ 86 C$	60	92⅛	92⅝	+0⅛	+0⅛	12.45
Cr. Foncier 10⅜ 84 C$	30	89⅛	90	0	+0⅛	13.39
Ex. Dev. Cpn. 10 84 C$	50	92	92½	0	−0⅛	12.29
Fst. Can. Inv. 10 84 C$	50	91	91½	0	+0⅛	12.61
Hudson Bay 10½ 89 C$	60	89⅞	90⅜	0	−0⅛	12.30
Quebec 10¼ 86 C$	50	89⅝	90⅛	0	+0⅛	12.63
R. Bk. Canada 10 86 C$	40	89⅛	89⅝	−0⅛	−0⅛	12.44
R. Bk. Canada 10 84 C$	40	93½	94	0	+0⅛	12.45
Copenhagen 8¾ 91 EUA	25	97	98⅛	−0⅛	+0⅛	8.57
Copenhagen 8¾ 91 EUA	20	102⅛	103⅛	−0⅛	−1⅛	8.33
SOFTE 8⅞ 89 EUA	40	92	93⅛	0	0	9.45
Algemene Bk. 8¾ 84 Fl	75	97	97½	+0⅛	+1	8.96
Amev 8½ 86 Fl	75	96⅞	97⅜	+0⅛	+0⅛	9.07
EIB 9 84 Fl	150	98⅝	99⅛	+0⅛	+0⅛	9.14
Ned. Middbk. 8¾ 84 Fl	75	96⅝	96⅞	+0⅛	0	9.26
Norway 8⅝ 84 Fl	100	97⅛	97⅝	+0⅛	+0⅛	8.93
Norway 8¾ 84 Fl	100	97	97½	+0⅛	+0⅛	8.96
Air France 11 84 FFr	120	98⅛	98½	−0⅛	−0⅛	11.22
Euratom 9⅞ 87 FFr	160	86⅝	87⅛	−0⅛	−2⅛	12.44
Finland 11 84 FFr	80	96½	97½	−0⅛	−0⅛	11.83
Finland 11½ 89 FFr	70	95½	96⅛	+0⅛	−0⅛	12.21
Gaz de France 11 84 FFr	160	97	97⅛	−0⅛	−0⅛	11.72
Norway 9⅞ 84 FFr	200	91⅛	92⅛	0	−0⅛	11.82
PSA Peugeot 9⅞ 87 FFr	175	86⅞	87⅞	−0⅛	−0⅛	12.49
Renault 9⅞ 85 FFr	100	89⅛	90⅛	−1⅞	−2⅛	12.30
Saint-Gobain 9⅞ 86 FFr	130	87⅞	88⅜	−0⅛	−0⅞	12.48
Solvay et Cie 9⅞ 87 FFr	125	88	89	+0⅛	−0⅛	12.18
Total Oil 9⅞ 87 FFr	150	84½	85½	−1⅛	−1⅞	12.99
Citicorp 10 93 £	20	84⅛	85	0	−0⅛	12.39
EIB 9⅞ 88 £	25	79⅝	80⅛	−0⅛	−2⅛	13.91
EIB 11½ 91 £	25	87⅛	88	−0½	−0⅛	13.86
Finance for Ind. 13 91 £	15	93⅝	94½	−0⅛	−1	14.03
Fin. for Ind. 12½ 89 £	30	91⅛	91⅝	−0⅛	−1⅛	14.13
Gen. Elec. Co. 12½ 89 £	50	91⅝	92⅛	−0½	−1⅛	14.05
Indonesia 8⅜ 91 KD	7	†94½	95	0	0	9.50
Mitsubishi 7½ 84 KD	10	†95⅛	95⅝	0	0	8.68
Norges Kom. 7½ 89 KD	12	†93⅛	93⅝	0	0	8.51
Occidental 8⅝ 91 KD	7	†92½	92⅞	0	+0⅛	9.31
Akzo 9⅛ 87 LuxFr	500	†93	94	0	−3½	10.49
Euratom 8 87 LuxFr	500	90⅝	91⅝	0	0	9.72
Norges Kom. 8 86 LuxFr	500	88½	89½	−0⅛	−1⅛	10.25
Oslo, City of 8 89 LuxFr	500	89⅛	90⅛	0	−1⅛	9.87

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma Int. 8 87	0⅛	98⅞	99⅜	26/4	15⅛	15.89
Bco. Nac. Argent. 7 86	0¾	95⅞	96⅜	22/3	13.19	13.72
Banco Prov. BA 7¼ 86	0¾	97¼	97¾	12/12	11	11.28
Banco Urquijo 6 86	0¼	97⅛	97⅝	21/3	13⅛	13.74
Bque. Indo Suez 5¾ 89	0⅛	97½	98	11/1	11	11.25
BNP 5½ 91	0¼	96½	97	22/2	11.94	12.34
Citicorp O/S Fin. 6 94	‡0⅛	98⅝	99⅛	8/12	12.81	12.94
Citicorp O/S 83	‡0	99⅛	99⅝	23/11	11.88	11.94
Creditanstalt 5½ 91	‡0¼	97⅝	98⅛	14/12	12.94	13.20
CNT 5¾ 86	0⅛	99	99½	16/4	15.19	15.30
GZB 5½ 89	‡0¼	98⅞	99⅜	1/11	11.44	11.57
Jugobanka 8 89	0⅞	94⅞	95⅜	23/11	11⅞	12.47
LTCB Japan 5½ 89	0¼	98	98½	7/12	11½	11.32
Mfrs. Han. O/S 5⅝ 94	‡0⅛	98⅞	99⅜	23/11	12.56	12.67
Nacional Fin. 6⅛ 86	0¼	96⅛	96⅝	25/1	11½	11.92
Nat. West. 5⅞ 94	0⅛	97¼	97¾	11/1	14.94	15.32
Nippon Cred. Bk. 6½ 86	0¼	96½	97	12/1	10⅞	11.24
Royal Bank Scot. 5⅝ 94	‡0⅛	98⅛	99⅛	11/1	14.94	15.11
Soc. C. de Bque. 6½ 87	0¼	96⅝	97⅛	3/4	13⅛	13.66
Sogenal 5⅝ 89	0⅛	96⅛	96⅝	11/1	10.81	11.22
Sweden 8¾ 91	‡0⅛	97⅛	97⅝	18/1	15	15.40
Texas Int. Airways 7 86	‡0¼	95	95½	11/1	15.56	16.34
TVO Pwr. 9 91 (D-lock)	0¼	96⅞	97⅜	24/11	11⅛	11.45
Utd. Overseas Bk. 6 89	‡0¼	97⅛	97⅝	29/12	12.94	13.29
Williams & Glyn 5⅞ 91	0⅛	97	97½	14/3	13.38	13.75
Bq. E. d'Alg. 4⅛ 89 SF	0⅛	95	96	18/12	4⅝	4.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 89	10/79	145	91⅛	92⅛	−0⅛	−2.26
Alco Int. Fin. 9½ 94	1/80	40	91⅞	92⅞	−0⅛	19.19
Asahi Optical 7 94	11/79	605	83⅞	84⅞	−0⅛	2.15
Canon 6⅛ 94	8/79	570	95⅛	96	+0½	2.71
Ciba-Geigy O/S F. 4 94	9/79	675	90	92	−0½	1.24
Credit Suisse 4⅝ 93	10/79	1325	102⅛	103⅛	+0½	−0.03
Daiei Inc. 6½ 94	11/79	1020	95⅛	96⅛	−0⅛	11.10
Esselte 7¼ 89	9/79	159	93⅞	94⅞	0	3.62
Honda Motor 5½ 89	6/79	532	92	92⅛	+0⅛	1.70
LPC Internatnl. 8 89	9/79	35	90⅛	91½	−0⅛	9.68
Maidensha Elec. 7 94	12/79	210	92⅛	93⅛	+1⅛	25.93
Mitsubishi Cp. 6½ 94	10/79	604	148⅛	149⅛	+8⅛	9.27
Nippon Seiko 7⅛ 94	12/79	339	90⅛	91⅛	+0⅛	7.47
Nitto Elec. Ind. 6 94	7/79	735	78⅞	79⅞	−0⅛	8.14
Toshiba Cpn. 7⅛ 94	10/79	198	94½	95½	+0⅛	18.69
Union Bk. Switz. 6 89	2/80	125	104⅛	105⅛	−0⅛	4.17
Fujitsu 5 84 DM	7/79	475	96½	97½	−0⅛	26.16
Kansai Elec. 4 84 DM	4/79	1350	85½	86½	−0⅛	65.82
Tokyo Elec. 3½ 87 DM	4/78	476	95⅞	96⅞	+1⅛	107.14
Tokyu Ld. Cp. 4 85 DM	4/79	493	77⅞	78⅞	−0⅛	44.69
Uny Co. 6½ 85 DM	11/79	1071	95⅛	96⅛	+0⅛	17.39

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Record profits at Lincoln National

By Our Financial Staff

RECORD EARNINGS for the third quarter of the year are reported by Lincoln National Corporation, the insurance holding company. Higher life-health insurance profits have more than offset a decline in the property casualty sector. The company had originally expected lower third quarter earnings.

Life-health earnings jumped from $20.9m to $25.4m in the third quarter, while property casualty net fell from $12.7m to $11.9m. The gain in life-health is attributed to a significant improvement in individual health insurance experience as well as higher interest rates and increased life assurance volume.

The previous doubt regarding third quarter earnings arose because of losses of $4.5m from Hurricanes David and Frederick and several large life claims.

Steady growth at Emerson Electric

By Our Financial Staff

EMERSON ELECTRIC, the St. Louis-based manufacturer of electrical and electronic products, has maintained its steady growth rate.

Fourth quarter earnings advanced 18 per cent, from $42.67m or 72 cents a share to $50.39m or 84 cents a share, on sales up 23.8 per cent, from $559.7m to $692m.

This boosted earnings for the year from $173.15m or $2.93 a share to a record $201.03m or $3.37 a share.

Sales for the year increased by 17 per cent, from $2.23bn to $2.61bn.

Results for 1978 have been restated for pooled acquisitions. In March this year Emerson acquired SWECO, a process equipment manufacturer which had a net income of $2.9m in 1978. In April, the group completed the purchase of Skil Corporation, a portable power tools manufacturer which earned $5.35m in 1978.

Santa Fe to buy C.F. Braun for $296m

By David Lascelles in New York

SANTE FE International, the Californian contract drilling and oil exploration group, is buy C. F. Braun, the chemical and energy plant construction company, for $296m. Under the terms of the deal, Sante Fe will pay $58.50 in cash for Braun's approximately 50m outstanding shares.

Sante Fe, which has a 16.3 per cent interest in the North Sea Thistle oilfield, has annual sales of about $600m with profits last year of $56m. Braun's revenues are about $400m a year, and profits $17m.

Braun has been the subject of takeover rumours for some time, and its shares almost doubled in price to $43 before the Santa Fe bid. The company is particularly strong in synthetic fuel technology, now a high priority area under the Government's energy programme.

Columbia share deal in doubt

LOS ANGELES — Mr. Kirk Kerkorian, largest single shareholder in Columbia Pictures Industries, said yesterday that he had reached an understanding on Friday to sell his 2.43m shares of Columbia stock for $50 a share, but the potential buyer may have changed his mind over the weekend.

Mr. Kerkorian, who also owns 48 per cent of Metro-Goldwyn-Mayer's outstanding common stock, said: "I reached what I believed was an understanding with Jerry Perenchio of Tandem Productions (a private Los Angeles concern) concerning the sale of my 2.43m shares of Columbia. But Perenchio seemed to have changed his mind."

AP-DJ

Schlesinger joins Lehman

NEW YORK — Lehman Brothers Kuhn Loeb has announced that Mr. James R. Schlesinger, the former U.S. Secretary of Energy, is joining the company as a senior adviser.

Mr. Peter G. Peterson, the chairman, said the company will serve as Mr. Schlesinger's business base. At the same time he will continue his association with Georgetown University as a senior fellow at the Center for Strategic International Studies as well as other activities in the public policy area. Mr. Schlesinger will be headquartered in the Lehman Brothers Kuhn Loeb office in New York.

AP-DJ

Tiger deal completed

Tiger International has completed its acquisition of 15 per cent of Hall's Motor Transit at an average price of $20.82 per share, reports AP-DJ from Los Angeles.

Foreign car sales jump as U.S. leaders struggle

BY IAN HARGREAVES IN NEW YORK

CAR IMPORTERS to the U.S. substantially increased their sales and market share last month at a time when the big domestic manufacturers saw their sales plummet.

Car imports to the U.S. are now running at a record annual rate of 22 per cent of the market, compared with 15 per cent last year, with the Japanese models selling particularly strongly.

Estimates show that foreign manufacturers sold 170,000 units in October, an increase of 14 per cent from October 1978, when some of the Japanese companies were suffering shortage of stocks in the U.S.

Datsun for example, picked up a gain of 64 per cent from the same months a year ago and now lies second in the importers' league table, which is still headed by Toyota.

Japanese companies occupy the first four places, followed by Volkswagen of West Germany.

The importers' gains come during a period of great confusion in the U.S. car industry. Chrysler is hoping for Government aid to help it survive, while General Motors and Ford lost money on their American operations in the third quarter.

General Motors yesterday also announced reduced shareholders' dividends for 1978 to $5.30 from $6.00 last year.

Only American Motors, much the smallest of the U.S. manufacturers, is improving its position. It took 1.6 per cent of the U.S. market last month compared with 1.2 per cent a year ago. General Motors' share is down from 51.1 per cent to 48.2 per cent and Chrysler's from 10.4 per cent to 7.3 per cent.

The flagging performance of the domestic manufacturers is likely to stimulate two political and industrial reactions. The first is increased talk of the need for protectionist measures against importers and the second is the increased pressure on the Japanese motor industry to come forward with direct investment in U.S. vehicle assembly plants to offset the damaging effect on jobs of their marketing success in the U.S.

Already, it is estimated that around 100,000 car workers have been laid off this year because of the downturn in the industry.

Strong rise in Boeing earnings

BY OUR NEW YORK STAFF

BOEING, the world's largest producer of civil aircraft, is continuing its spectacular upward trend in earnings, buoyed by an orderbook which is virtually solid through 1981.

The Seattle-based company has turned in third quarter earnings of $132.6m — up 43 per cent on the $92.6m returned for the same period last year — and sales of $2.1bn, showing a 50 per cent increase

The growth trend is even stronger in the nine-month period with earnings up 67 per cent, from $215.3m or $3.36 a share to $360.8m or $5.63 a share. Sales increased $2bn to $5.8bn and Boeing is now forecasting $8.2bn for the year

The only surprising feature about the quarterly earnings announcement was a change in dividend policy, with the company intending to switch from a policy of supplementing regular dividends with special dividends to placing greater emphasis on regular dividends.

This, analysts say, indicates Boeing's expectation that its profit margins have now peaked as it enters a period of heavy expenditure on the development of new aircraft types.

In the event, the company has increased the quarterly dividend from 25 cents to 35 cents a share, and has declared a special dividend of $1 a share.

Meanwhile, the ratio between net earnings and sales for the quarter just ended at 6.3 per cent is slightly lower than the ratio for the same period of last year.

At the end of September the company had a firm order book worth $16.2bn, compared with $11.2bn at the end of 1978.

GK Technologies plans closures

BY OUR FINANCIAL STAFF

GK TECHNOLOGIES, the U.S. wire and cable producer, announced yesterday that its General Cable division is to close three plants, resulting in a charge of $10m against fourth quarter earnings.

Nevertheless, the company is to increase its quarterly dividend to 32½ cents a share from 27½ cents a share from December.

The company, which sbold its 8.2 per cent interest in BICC, the British wire and cable manufacturer, for $29m last year, said that the cost of the closure would be partially offset by a gain of $4.3m from the sale of General Cable's metal textile operations.

GK added that it expected its 1979 earnings to exceed those of a year ago on sales of more than $1bn. In 1978 it earned $25.3m on sales of $848m.

The plants which GK proposes to close are the General Cable scrap re-melt plant in Warrenton, Minnesota, which produces copper wire bar; the St. Louis plant, producing copper rod and bare wire; and the Memphis plant, producing building wire. The plants employ about 490 workers.

Mr. Robert P. Jensen, chairman and chief executive, stated that the plants did not justify the required investment in working capital. "Nor does the outlook warrant the major capital expenditures that would be required to make them competitive," he said.

EUROBONDS

EIB issue is well received

By Francis Ghilès

THE DM100m eurobond issue launched for the European Investment Bank was priced at par yesterday. Other indicated terms, which include a coupon of 8¼ per cent and a maturity of 10 years, were unchanged by the lead manager, BHF Bank.

Pre-market trading prices in London and West Germany suggested the issue was well received. Demand was said to be good and a price of 99¾-100¼ was quoted.

Meanwhile, Deutsche Bank cancelled the DM100m issue it planned for an Asian borrower. It would appear that the 8¼ per cent yield on the EIB issue, the latest DM bond available to investors, is higher than some West German banks are prepared to grant. Yields on outstanding DM bonds floated in the West German capital markets for issuers of comparable quality to the EIB are about 25 basis points below that on the EIB bond. For instance, the World Bank 7¾ per cent bond to 1991 yields 8.24 per cent.

The foreign Deutsche-Mark bond sector was easier yesterday with prices falling by about ¼ of a point, but trading volume remains thin.

Swiss franc-denominated bonds continue to fall. Prices have dropped about two points this week and Swiss bankers see no end to selling pressure. Yields of above 5 per cent on good quality long maturity bonds are now easily available.

Two issues have just been completed, a SwFr 20m 5½-year convertible for Misawa Homes, with a coupon of 5¼ per cent, through Credit Suisse, and a SwFr 20m five-year private placement of straight bonds for Osawa Shokan through Union Bank of Switzerland. This carries a 4¾ per cent coupon.

A SwFr 70m five-year convertible for Konishiroku Photo Industry is being arranged by Swiss Bank Corporation with an indicated coupon of 4¾ per cent.

Straight dollar-denominated bonds were a fraction easier in quiet trading, but dealers reported more activity in the floating rate sector. The $25m FRN for the Co-operative Bank, which traded for the first time yesterday, was quoted at 98½ by the lead manager, London and Continental Bankers. Elsewhere it was quoted at 97¾-98¼.

BANKING IN EUROPE

French plan to ease controls

By Terry Dodsworth in Paris

M. Rene Monory, the French Economics Minister, said yesterday that it was the Government's firm intention to phase out the present system of tight bank credit control limits as soon as possible.

M. Monory's remarks, made at a seminar organised by Expansion Magazine, underline his ambition to press ahead with the programme of bank reforms begun earlier this year.

The broad aim is to increase competition in the banking sector in line with the Government's general policy of industrial and commercial liberalisation.

The abolition of the ceilings on individual banks' credit growth would clearly be in line with this programme, but the Government is faced with the difficulty that it also wants to maintain a strict control over money supply growth.

M. Monory made it clear yesterday that the Government's policy of maintaining money supply growth slightly below the annual expansion in gross national product remains a central policy preoccupation. The defence of the nation's money, he said, was essential in the fight to maintain equilibrium in France's balance of payments.

For this reason, the present system of credit control limits, which controls the annual increase in loans that any individual vank can make, will stay for the time being.

M. Monory added, however, that the system will have to be dismantled in time in favour of something more flexible.

Recession in Spain slows earnings

BY ROBERT GRAHAM IN MADRID

A STUDY just completed by the Bank of Spain starkly reveals the extent to which bank profits have been squeezed by two years of recession in Spain. According to the report, gross net profits of the banking system, including the savings banks, increased by only 1.2 per cent last year compared with 4.6 per cent in the previous year and 20 per cent in 1976.

In global terms, the commercial and industrial banks account for 65 per cent of gross profits of the system and the savings banks for the remainder. The decline in profitability has affected both groups similarly. Growth among the commercial and industrial banks last year was 1 per cent against 1.7 per cent for the savings banks, whose profit has been higher in recent years.

The study shows that the results in relation to total resources have also declined. From the equivalent of 1.46 per cent of total resources employed in 1975, commercial and industrial results now represent only 1.01 per cent. In the case of the savings banks the figure is down to 0.96 per cent. Despite increased operational efficiency the main items affecting profitability have been heavy extra financial costs through expensive credit, a sharp leap in personnel expenditure and the need to set aside large sums for losses, bad debts and reserves.

For the commercial and industrial banks financial costs have doubled in two years. Personnel costs rose last year by 25.6 per cent. In the case of the savings banks these costs rose 3 per cent. Personnel costs now represent a quarter of the total volume of business.

The study also reveals that the amount banks set aside for doubtful debts and losses rose threefold last year, moving from Pts 8bn ($120m) to Pts 28.6bn ($433m). This was largely the result of stricter Bank of Spain regulations.

Similar considerations are still affecting profits: Banco Popular, one of the big seven commercial banks, saw personnel costs rise 20 per cent in the first nine months of 1979 with the amount set aside for doubtful debts up 30 per cent.

The leading industrial bank Banco Urquijo, believes that by having kept investments down and by careful cost savings it can improve its profits this year. On the basis of the first nine months, 15 per cent growth is expected. Investments have been kept down to 5.4 per cent.

Banco Urquito is moving more into commercial banking, opening eight new branches. This expansion is being achieved without adding to its existing payroll.

Swedish shipbuilder cuts loss

BY JOHN WALKER IN STOCKHOLM

A SHARP reduction in this this year's loss is forecast by the Swedish State-owned shipbuilding group, Svenska Varv.

Excluding the figures for Kockums which came under the umbrella of the State company last year, Svenska Varv expects losses for 1979 to total SKr 625m. This, the company says, will represent a reduction on the loss for 1978 of around SKr 1.5bn.

After the first eight months of this year Svenska Varv's losses were running at SKr 391m. Including Kockums, the deficit for the eight months rises to SKr 717m while on the same basis the expected loss for the year increases to SKr 1.47bn.

If the improved trading conditions in the shipping industry can be maintained a revaluation of customer receivables and ship holdings in connection with the preparation of the financial statements for the entire year will reduce the overall loss "by at least SKr 300m."

The expected improvement in the annual result results from increased freight rates and higher prices for second-hand ships as well as reductions in the losses generated by previous commitments. However, the group's new building activities continue to involve large losses, although these have also been reduced.

Invoiced sales, including Kockums, for the first eight months of this year amounted to SKr 3.17bn and the forecast for 1979 is for total sales of SKr 5.60bn.

THE SWEDISH mining and metals group Boliden said in a report on the first nine months of this year that there has been a positive development in the sector. Gold and silver prices have boosted the company's performances, and an improved flow of orders has been noted for metals as well as chemicals.

Turnover rose during the January-September period to SKr 2.46bn ($486m), compared with SKr 2.06bn in the corresponding period of 1978. The concern's operating profit during the period under review came to SKr 199m ($47m), compared with a loss of SKr 59m.

For the whole of 1979, profit after appropriations and costs will amount to about SKr 360m, Boliden said.

AEG in talks with Thomson-Brandt

By David White in Paris

THOMSON-BRANDT, the French electrical group, is engaged in exploratory talks with the financially troubled West German concern AEG-Telefunken, covering certain areas of common interest, the French company said.

The talks could lead to wider co-operation in television, after an agreement between the two companies in August to pool their colour TV tube interests.

The French company denied, however, that it was discussing the acquisition of a stake in AEG-Telefunken's capital, which had been suggested by some brokers.

According to French electronics industry specialists, Thomson-Brandt is interested in heading off the Japanese Hitachi group from gaining a foothold through AEG-Telefunken.

Hitachi was known to be interested in the German company's TV tube operations, which have instead come under the indirect control of Thomson-Brandt.

The agreement between Thomson-Brandt and AEG in August, if approved, will leave the French company with 51 per cent control (with AEG holding the remainder) of a new holding venture, which will in turn hold 58 per cent of the pooled colour tube operations of Thomson-Brandt and AEG-Telefunken. The other 42 per cent of the tube production outfit, Videocolor, will be held by RCA of the U.S., which has up to now held 49 per cent in a two-sided joint venture with Thomson.

This agreement came shortly after the anouncement of a co-operation pact between Philips of Holland and West Germany's Grundig.

The latest talks could herald a more far-reaching reorganisation of the European television industry, but the problem of the heavy losses being made by AEG-Telefunken in its consumer products operations has still to be overcome. The French group has already had to carry a big burden of costs in reorganising its West German subsidiary, Normenda, of which it bought control two years ago.

Thomson-Brandt emphasised yesterday that it was so far only involved in exploratory discussions with AEG-Telefunken, and not fully fledged negotiations.

Belgian bank makes steady progress

BY GILES MERRITT IN BRUSSELS

KREDIETBANK, THE third largest of the big three Belgian banks, has announced a further strong increase in its balance sheet for the first half of its financial year ending March 31.

The six months to September 30 resulted in a 15.9 per cent increase in the bank's balance sheet total compared with the same time last year. It reached BFr 408.3bn ($14bn), rising by almost 9 per cent over the level reached at the end of the 1978-79 financial year.

But while Kredietbank has described the first half as satisfactory, it warned that operating results during the second six months are likely to be adversely affected by accelerating inflation. Other factors giving rise to concern at Kredietbank are the increasing pressure on margins and adverse development on the Belgian and international money markets.

As the financial flag-carrier of Belgium's Flemish business community, Kredietbank has recorded substantial progress in recent years. Its performance in topping the BFr 400bn mark in its balance sheet follows a succession of steady increases. At the end of March 1977, the bank's balance sheet stood at BFr 283bn.

Kredietbank said that the latest increase arose mainly from growth in term accounts and medium-term notes. The working funds at the bank's disposal now total BFr 372.9bn, a rise of almost 17 per cent

Arbed joint venture aims overseas

BY ROGER BOYES IN BONN

PHB-WESERHUETTE, the major European raw materials handling and processing company created recently through a merger in West Germany, will be looking for overseas acquisitions from early next year, according to senior company executives.

The company is the result of a marriage between Pohlig-Heckel-Bleichert (PHB), the German subsidiary of Arbed, the Luxembourg steel group, and Weserhuette, a subsidiary of Otto Wolff, the German steel and chemicals trading concern. PHB-Weserhuette will become operational from January 1, provided that neither the West German Federal Cartel Office nor the European Commission raise objections.

Herr Otto Wolff von Amerongen, the head of the Otto Wolff group and supervisory board chairman of the new company, emphasised that the merger was not "a defensive measure" and that both PHB and Weserhuette were extremely healthy. PHB-Weserhuette would consequently be expanding almost immediately, especially overseas. "It's a classic case of one and one making three," he said.

Company executives indicated that PHB-Weserhuette would be particularly interested in penetrating the U.S. market further, although initial approaches would be on the basis of collaborating on know-how. Elsewhere, however, direct investment is seen as the mist favourable course and at least 70 per cent of the new company's business is expected to be abroad.

Weserhuette has interests in Australia, the U.S., South Africa and India, while PHB has tended in the past to concentrate on Latin America — it has a large Brazilian subsidiary —and French-speaking Third World countries. Company executives expressed concern that some of the more highly developed Third World countries were turning to protectionist measures — another powerful reason for directly investing in manufacturing capacity abroad.

The new company — turnover is expected to be more than DM 700m ($391m) — is intended to meet the growing demand for open cast mining equipment — as well as equipment for conveying, handling, stock-piling and processing bulk materials.

Ercole Marelli—Adda

ERCOLE MARELLI, the Italian manufacturer of electrical equipment, has purchased a controlling interest in Adda from an offshoot of the Alsthom-Atlantique group, of France, reports AP-DJ from Milan.

The two companies have also signed an agreement providing for "extensive co-operation" in the technical and commercial fields.

Adda, based in Lodi, employs about 400 persons and makes high- and medium-tension electrical components for generators, railroad equipment and other industrial uses. It was previously controlled by Delle-Alsthom, an electric manufacturer and subsidiary of Alsthom-Atlantique.

Surplus raised at Irish Bank

By Our Financial Staff

AN INCREASE of an eighth in profits for the six months ended September is reported by the Bank of Ireland. Pre-tax, earnings have risen to Ir£23.4m from Ir£20.8m.

The bank said the profit was after providing Ir£2.4m, being half the special additional payment to staff in respect of the European Monetary System and the estimated cost of a further special payment as set out in the assessor's report received since the end of the half year.

Rhone-Poulenc sales rise

FRANKFURT — Sales of Rhone-Poulenc, the French chemical group, totalled FFr 22.3bn ($5.3bn) in the first eight months of 1979, up by 19 per cent from the corresponding period of last year, according to M. Jean Gandois, president.

M. Gandois said the sales figures indicated that Rhone-Poulenc's 1979 turnover would reach around FFr 30bn, 20 per cent up from the 1978 figure. He explained that the increase comprised a 10 per cent rise due to higher prices and a 10 per cent expansion of the group's sales volume.

M. Gandois also said that Rhone-Poulenc would make its previously announced capital increase in the next few weeks. The rise will involve between FFr 400m and FFr 600m.

The chemical group's plans for the next few years included expansion of its U.S. operations to bring in 10 per cent of group sales, up from the present 6 per cent, M. Gandois said.

U.S. investments in 1980 will include a new plant in Freeport, Texas, to produce rare earth products

AP-DJ

Statfjord contracts boost for Kvaerner

BY FAY GJESTER IN OSLO

THE NORWEGIAN Kvaerner Group, with interests in shipbuilding, oil platform fabrication, heavy engineering, trading and gas carrier operations, foresees profits before extraordinary items of about NKr 100m in 1979 compared with NKr 65m in 1978. Turnover is also expected to exceed last year's total of NKr 2.3bn ($459m), according to the eight months report.

Much of this year's improvement is a result of the NKr 2.2bn contracts the group won last year to build sections of the second platform for the Anglo - Norwegian Statfjord field. Work on these orders will keep Kvaerner's Stavanger shipyard busy until spring 1981.

Other contributing factors were good results from an engineering consultancy company and improved earnings by the gas tankers in which the group has stakes. These rose to NKr 49m in January-August 1979, from NKr 18m in the same period last year, and NKr 26m in 1978 as a whole.

In a move to consolidate its shipowning interests, Kvaerner recently announced plans to take over a shipping company, A/S Dido, owned by the Helge Myhre shipping company of Stavanger. The group holds substantial stakes in the gas tanker fleet which Myhre operates. Subject to shareholder approval, the takeover will be effective from January 1.

Kvearner's investment in shipping this year is expected to reach about NKr 135m, of which 80 per cent is being financed by borrowing from Norwegian ship finance institutions. The market value of the gas carriers part-owned by Kvaerner is now well above their book value, the report says.

Trading activities brought a lower return this year than in 1978, and results were poor for some of the group's companies making heavy engineering products. The report says that the Norwegian price freeze contributed significantly to these relatively unsatisfactory results.

Group turnover in the eight months reached NKr 1.24bn compared with NKr 1.12bn in January-August 1978. Orders booked in the eight months reached NKr 1.12bn compared with NKr 1.04bn in the same period of 1978 and NKr 3.68bn in 1978 as a whole.

Nissan boosted by better than expected exports

BY RICHARD C. HANSON IN TOKYO

NISSAN MOTOR, the manufacturer of Datsun cars, has reported record net profit and sales for the first half of the financial year, as domestic demand proved strong and exports benefited from a cheaper yen, relatively low price inflation, and eager buying of small, fuel efficient cars in the U.S.

Net profit for the six months to September 30 rose 15.6 per cent to Y40.3bn ($170m) on a sales increase of 15.1 per cent to *Y1,324bn ($5.7bn).*

Nissan, Japan's second largest motor company, appears to be doing much better on the export side than forecasts early in 1978 indicated. The sharp rises in the price of petrol in the U.S. (and elsewhere) has boosted demand for Japanese cars high enough to draw down American inventories *substantially* prompting steep increases in shipments since the spring.

Exports as a result were up *8 per cent to* Y542.3bn, with volume rising 5.5 per cent to 569,544 vehicles. The company has said that it expects to do broadly as well in the current *half, but* declines to make precise forecasts'

Exports to the U.S. gained 4.9 per cent to 259,880 units. Exports to the UK were up *sharply* by 43.5 per cent to 66,489 units, while those to Europe as a whole rose 43.5 per cent to *146,892* vehicles.

Nissan seems, however, to be in a good position to continue its export sales. In introducing its 1980 model line in the U.S., the company's U.S. distributor has kept the average price increase to 2 per cent. This is slightly below Toyota's 2.5 per cent rise and below the *6-7 per cent* increases of the American manufacturers, which have to cope with domestic inflation rates much higher than *those in Japan.*

The rapid depreciation of the yen during the half-year has also allowed Nissan to hold down export prices.

The company now has a fairly strong line-up of new models, having introduced the four passenger cars and one new pick-up truck since last spring. *This includes the Gloria/Cedric* series which is equipped with more electronic devices for engine and other controls than any other model currently on the market.

The company is forecasting that net profit and sales will remain at the first half levels in the current half. This would mean net profit for the full year rising by about 23 per cent to Y80bn, with sales gaining about *14 per cent to Y2,640bn.*

Sharply rising costs hit JAL

BY OUR TOKYO CORRESPONDENT

JAPAN AIR LINES, Japan's partly Government-owned national carrier, had a major setback in earnings during the half-year *ended September 30* as a result of sharply rising jet fuel and other operating costs. Net profit was down 66.8 per cent to Y2.42bn ($10.2m), despite a 15.1 *per cent increase* in revenues to Y277.05bn ($1.2bn).

The biggest factor cutting profits was the 56.4 per cent *increase in fuel costs to Y54.6bn* from Y34.9bn in the comparable year-earlier period. This combined with a 47 per cent rise in airport landing fees to Y22.8bn, and the more than doubling from last April of the tax on jet fuel to Y8.9bn.

Internationally, JAL showed appreciable increases in the *number of passengers carried,* up 11.5 per cent to 2.3m, and in the amount of cargo handled, up 17.6 per cent, particularly to Europe.

On the domestic side, which accounted for slightly more than *one-third of revenues,* operations were hampered by the grounding for 37 days of JAL's fleet of *DC-10s.* The *DC-10s* make up about one-quarter of the domestic fleet. The number of passengers carried domestically rose 6.1 per cent.

JAL, along with the other domestic carriers, is seeking a steep rise in domestic air fares (averaging 28 per cent for JAL) to cover the higher costs. Even if the price increase is approved during the current half year, JAL expects that domestic *operations will show an* operating loss for the year of around *Y13bn.*

The Ministry of Transport is encouraging the airlines to cut back on the number of flights scheduled in the low-volume winter months to save on fuel consumption. *JAL has already* announced plans to suspend two flights between Tokyo and Hokkaido.

From the Ministry's point of view, the price increases on air tickets will also encourage a switch back to trains on the major trunk lines. Air fares at present are cheaper than first *class* express trains. Trains are regarded as making more efficient use of fuel.

For the full year, JAL forecasts that its revenues will rise *31 per cent to Y570bn,* but that net profit will slip 10.5 per cent to Y2.6bn. In 1978-79 net profit fell 64.3 per cent.

The company plans to maintain its eight per cent dividend for the year.

Earlier, All Nippon Airways, *the largest domestic carrier,* reported that it had suffered a net loss in the half year of Y1.2bn, against a year-earlier net profit of Y3.6bn. Revenues were up *20 per cent* to Y155.1bn, and passengers carried rose 18 per cent to 1.7m.

As with JAL, however, soaring costs could not be contained. The company expects a heavy loss on domestic operations in the latter half.

BANK OF ADELAIDE

Reserve Bank planned irregular take-over—Supreme Court told

BY JAMES FORTH IN SYDNEY

THE RESERVE BANK, Australia's *central bank, threatened to* take over control of the Bank of Adelaide last May—without hesitating to comply with "technicalities" under the Banking Act, it was alleged yesterday in the South Australian Supreme Court. The Court is holding an inquiry into the Bank of Adelaide and its finance company offshoot, Finance Corporation of Australia (FCA), to decide whether it should agree to a merger between the Adelaide and the larger ANZ Banking Group.

The shareholders of the Adelaide have already agreed to a scheme of arrangement to implement the merger and it now needs the approval of the Court. The inquiry was decided upon when several Adelaide shareholders opposed the merger on the grounds that insufficient information had been made available. The chairman of the Adelaide, Sir Arthur Rymill told the inquiry that an offer had been received from *the Bank of New South Wales* in April after FCA had suffered financial difficulties but was rejected on the grounds that it was too low.

The Adelaide directors then approached the State Government to subscribe for A$40m *(US$ 44m) of preference shares,* and were told the Government was prepared to put up A$10m provided the Adelaide could arrange a consortium to take up *the other A$30m.* Sir Arthur said that on May 5 Mr. M. M. Knight, the governor of the Reserve Bank, had told him that the top priority was a merger with a larger trading bank.

Asked whether Mr. Knight had given him a firm direction to effect a merger *Sir Arthur* replied "Yes, he virtually did when he threatened us with entry. He said 'I know under the Banking Act I have to get a certificate from the auditor-general. I may not get it in time but I propose to enter'." Sir Arthur said. He said that on *May 10 the governor* repeated his threat and said he intended to enter on the following Monday, May 14. Asked whether he took any steps to counter this threat Sir Arthur said "No, we recognised the Reserve Bank as our overlord, and you don't argue with them."

He said that if the Reserve *Bank had entered the Adelaide* it would have done irreparable harm. The Adelaide had then asked whether the Commonwealth would agree to an overseas bank coming into the picture or if the consortium could be made up of large companies, not necessarily banks. Both alternatives were refused. *The Standard Chartered Bank* of the UK recently revealed that it made an unsuccessful proposal to acquire control of the Adelaide and to merge its Australian finance company offshoot, Mutial Acceptance, with FCA.

KWV in liquor reorganisation

BY JIM JONES IN JOHANNESBURG

Kooperatiewe Wijnbouwers Vereniging (KWV), the organisation which represents almost all of South Africa's 6,000 independent wine farmers, announced *yesterday that it was in*volved in the planned reorganisation of South Africa's liquor industry. This has thrown the reorganisation into a new prospective.

For many months the KWV has been troubled that the beer war between South African Breweries (SAB) and the Rembrandt Group has led to overemphasis on beer sales, at the expense of wine. This has been particularly in the *245* retail outlets controlled by SAB and the 449 outlets controlled or influenced by Rembrandt and its associates. Wine margins, the KWV maintained, were trimmed beer market share to the ultimate deteriment to the country's wine farmers—a sector of the Community with considerable politica lforce in the Cape Province.

It was because of this that the KWV instituted a recent Board of Trade inquiry into the country's liquor industry. It is said in the Cape wine growing areas that as the result of this inquiry, the Minister of Economic Affars, Schalk van der Merwe approached the country's two liquor giants with a view to ending damaging competition.

In the Cape, it is believed in the industry, the KWV and the Board of Trade had made proposals to the Minister — agreed by SAB and Rembrandt — whereby both groups will retain beer, wine and spirits interests. They are thought to involve an arrangement whereby SAB relinquishes its right to the Carling beer label. This would effectively give Rembrandt's Intercontinental Breweries a larger national beer market share than its currently uneconomic 8 per cent. In exchange SAB would stand to acquire some of Rembrandt's liquor outlets. Perhaps more importantly, an end would be cal*led to the practice of offering* discount and special marketing privileges to controlled liquor retail outlets. This, the KWV apparently believes, would end the country's beer war and allow greater marketing emphasis to be placed on wine, and *enhance its share of the national* drinks market.

It would also mean that with both liquor majors operating on a market-wide basis, independent wine farmers would not have to sell to one buyer.

Nampak ahead midway

BY OUR JOHANNESBURG CORRESPONDENT

NAMPAK, the 55 per cent-owned holding company for Barlow Rand's packaging *interests, has performed better* in the financial year to September 30 than the management expected at the half-way stage. Pre-tax earnings were R42.8m ($51.6m) against R24.5m thet nine month to September, 1978. Turnover was R240m ($289m) compared with R128m.

The figures for the two periods are not strictly comparable, as during year to Sepetmber, *the earlier* packaging interests of Barlow Rand were merged with those of Nampak which was previously controlled by Reed International and called Reedpak.

New competition expected six months ago failed to materialise, so that both turnover and earnings were higher in the second half than had been expected.

Mr. Bas Kardol, the chairman, reports that reduced to a comparable basis, turnover advanced by 24 per cent and pre-tax income by 20 per cent. *The slower growth rate at the* pre-tax level reflects in part increased competition. Although Mr. Kardol makes no prediction of likely competitive trends in his preliminary report, most Johannesburg analysts feel that competition is intensifying

Dividends totalling 38 cents have been declared, against 25 cents in the nine months of the preceding period. In Johannesburg, Nampak shares are currently trading at 670 cents.

Japanese shipbuilders suffer setbacks

By Yoko Shibata in Tokyo

TWO LEADING Japanese shipbuilders, *Kawasaki* Heavy Industries (KHI) and Mitsui Engineering and Shipbuilding, have reported sizeable setbacks in earnings for the first half of the fiscal year, ended last September. However, both companies foresee some recovery for the current fiscal half ending next March.

Kawasaki Heavy Industries registered an operating profit of Y2.97m ($12.51m), down 39.7 per cent from a year ago. The company had earlier estimated an operating deficit of Y2bn. The attainment of a profit was attributed to the recovery in export profitability resulting from the yen's depreciation and the sale of Y7bn worth of securities.

KHI had an interim deficit of Y1.98bn *against* a profit last year of Y2.82bn. Sales totalled Y208.8bn, down 13.8 per cent.

For the latter half of the fiscal year, KHI expects operating profits of Y4.5bn without resorting to portfolio sales, and Y3bn of exchange gains on the group's foreign currency based liabilities. As a result, the company expects full-year operating profits down 9.9 per cent at Y4.8bn and net profits of Y3bn, compared with a net deficit of Y5.9bn, on sales falling to Y490bn from Y501.45bn.

Mitsui Engineering and Shipbuilding has reported an operating deficit of Y2.66bn ($11.22m), 18 per cent smaller than a year ago, and a net deficit of Y2.170bn, reducing the loss by 25.7 per cent. Sales came to Y100.27bn, down 0.4 per cent over the same previous period.

Although exports accounted for 68.4 per cent of sales, Mitsui did not feel the full benefit of the depreciation of the yen over *the period. This was* because nine ships, and a desalination plant for Saudi Arabia, which were included in the sales ordered in 1971-72 when the yen exchange rate was lower than the Y224 at the end of September 1979.

The yen depreciation did, however, favourably affect new orders received which totalled Y143bn during the half year, more than doubling the previous year (Y65.7bn). This was attributed to a large plant export order from China. The new orders will reflect on earnings after 1981.

For the current fiscal year ending next March, the company expects further rationalisation and cost cutting *to bring* its earnings back to the break-even point, on sales of Y200bn, down 22 per cent from 1978-79.

Advance by Casio Computer

By Our Tokyo Correspondent

CASIO COMPUTER, one of the leading makers of electronic calculators, raised its net profit by 23.5 per cent to Y1.68bn ($7.1m) in the half-year to September 30, *on sales up 20.7* per cent to Y47.4bn ($200m).

Exports, which made up nearly 60 per cent of all sales, rose by 32 per cent, helped by *the decline in the yen* in the foreign exchanges, which has largely offset the price disadvantage suffered as the yen gained sharply last year. The U.S. and Europe are the biggest overseas markets.

Casio expects that sales in the *full year will rise 17.4 per cent* to a record Y95bn, with net profit up 21 per cent to Y3.6bn.

Exchange loss cuts profit at Qantas

By Our Sydney Correspondent

AUSTRALIA'S international airline, Qantas was hit by heavy foreign exchange losses in 1978-1979. The group earned A$22.7m (US$25m) from its airline and hotel operations, but *this was reduced by foreign* exchange losses to only A$773,000 compared with A$6.47m in the previous year. The directors will not recommend payment of a dividend

Qantas carried a record number of passengers in 1978-1979 and increased its cargo traffic by 31 per cent to peak levels, but Sir Lennox Hewitt the chairman said prospects for the current year were much less with *fuel bills* alone expected to double. He said that higher seat occupancy and lower operating costs would also be of critical importance *in meeting the new lower* air fares. If the necessary service patterns and conditions relating to the lower air fares were quickly resolved, 1979-80 could be another successful year.

Sir Lennox said that exchange losses had been a massive drain on profits from airline operations. Two loans on Swiss francs totalling A$35.57m had required repayments of more than A$68.3m, almost half of this due to exchange fluctuations.

The loans were repaid a year early, saving the airline an extra A$3.1m. Sir Lennox warned that further losses would occur until the Government allowed Qantas to borrow in Australian currency. In three years exchange losses had billowed to A$45.44m, although they were expected to continue at a lower level this year.

ADVERTISING ANNOUNCEMENT

INTERTANKO supports IMCO in improving safety at sea

Message from Mr. C. P. Srivastava,

Secretary-General of the Inter-Governmental Maritime Consultative Organisation.

Not very long ago the largest ships in the world were almost all passenger liners. Today the new giants of the oceans are the oil tankers. Tankers also constitute the largest proportion, in tonnage terms, of the world's merchant fleet. With the undeniable importance of oil to the world's economy few can doubt the crucial role of these tankers in the trade and development of the world. Additionally the increase in the size of tankers and in the frequency of tanker movements on the crowded sea routes of the world have inevitably and justifiably focused global attention on the need for renewed efforts to prevent and control marine pollution from the transportation of oil by sea. IMCO provides the primary and universally recognised focus and forum for these efforts. Although an inter-governmental organisation, IMCO welcomes and indeed seeks the co-operation of all bodies and agencies which have an interest in its work or are capable of contributing to the success of its endeavours. A very large proportion of the oil tankers plying the seas now are owned by independent companies, most of which are members of INTERTANKO. IMCO considers that INTERTANKO and its Member companies have a significant contribution to make to the effective implementation of the international standards and regulations adopted within IMCO for the purpose of promoting the safety of tankers and the prevention of marine pollution from ships, standards and regulations relating *inter alia* to the design, construction, equipment and operation of tankers and to the training of the persons engaged on such tankers. *It is in recognition of this that the* Council of IMCO has decided, subject to the approval of the Organisation's Assembly, to grant consultative status to INTERTANKO. This status will, it is believed, enable INTERTANKO to contribute the benefit of the experience and expertise of its Members to the deliberations, programmes and efforts of IMCO.

The earnestness with which INTERTANKO has sought this relationship with IMCO and the enthusiasm with which the Chairman and Members of INTERTANKO have reacted to the news of the Council's decision are most heartening to me. *Indeed I welcome greatly the* desire of INTERTANKO to collaborate with IMCO not only in formulating and adopting standards and regulations but in getting such standards and regulations effectively implemented at all relevant stages.

In conveying my warmest good wishes to INTERTANKO on this occasion, I wish to emphasise my belief that under the dynamic leadership of Chairman Sir Yue-Kong Pao, INTERTANKO will play a unique role in promoting further the observance of IMCO's global standards, thereby supporting the ceaseless effort of IMCO for securing safer shipping and cleaner oceans. Closer co-operation between the two organisations will be most beneficial to the world maritime community.

"INTERTANKO — Nine Years of Achievement"

The 300 independent tanker owners from 23 maritime countries represented in INTERTANKO are greatly pleased with IMCO's decision to grant their Association consultative status. Together with the consultative status obtained with UNCTAD (the United Nations Conference on Trade and Development) on the 8th October, 1979, this event *reflects the international recognition of the work of INTERTANKO and of its individual* members, and the importance of their industry in the global context.

Sir Yue-Kong Pao C.B.E., LL.D., J.P.
Chairman INTERTANKO and Chairman and Chief Executive World-Wide Shipping Group.

The independent tanker owners are proud of their industry which has provided reliable, economic and efficient services for the movement of crude oil, products, and gas for many years. They have traditionally provided a major portion of the total tonnage required to link the oil and gas producing areas with the consuming areas, and thereby greatly assisted in the development and deployment of those energy resources. The independent tanker industry has also helped to create significant job opportunities throughout the world in shipbuilding, ship-supply and ship-related service industries, as well as onboard their vessels and ashore. Tanker owners are major users of credit and in many instances have stimulated the growth of financial services and facilities. In summary therefore, the members of INTERTANKO constitute a major economic force in all respects, and one whose well-being should be of particular relevance to our energy-hungry world.

INTERTANKO is however not a cartel and does not, nor indeed can it dictate the commercial decisions of the individual member companies or the overall market situation. The members act independently in an extremely competitive environment and in a truly international market which is characterised by a high degree of mobility. While the old principle of the "freedom of the sea" is being eroded more and more in our time in its physical, commercial, and legal applications, *the independent tanker industry* basically still maintains the flexibility to respond relatively swiftly and effectively to new requirements, as it has also adjusted to the cyclical ups and downs of the market. The preservation of this freedom for members to act competitively, and of having free access to the markets and to all cargoes is of great concern to INTERTANKO, and presently one of its major tasks. INTERTANKO believes that a viable and yet cost-effective tanker industry can only survive if restrictions imposed by national governments or by international conventions are necessary for technical or operational reasons, and justified in terms of producing improved performances by tankers and their crews, but not where regulations are designed to interfere with the free play of the market forces, or intend to destroy the competitive commercial base on which the industry now rests.

The very unfortunate tanker accidents of recent years, together with the formidable size and complexity of modern tankers and the larger number of tanker movements have naturally drawn wider attention to our industry and its constituent members, and have produced more serious public concern with safety and the protection of the maritime environment. At the same time, questions relating to marine personnel, their backgrounds, training and qualifications, as well as their comforts and remuneration have become the subject of serious debate and examination. Human error is admittedly still the major cause of maritime casualties and only a concerted and sustained educational effort, coupled with the provision of an acceptable working environment will give us a chance to overcome the problem. Tanker owners are aware of the difficulties, and anxious to make improvements where feasible and acceptable to all concerned parties.

In this context, tanker owners and operators applaud the remarkable achievements of IMCO and are ready to support the excellent work done by IMCO and the administration of those port and flag states dedicated to bring about a uniform and practical regime for the tanker trade to improve safety and prevent marine pollution. On the other hand, INTERTANKO deplores short-sighted reactions and attitudes which try to attach blame *only* to the tanker owners and their vessels, without the realisation that the tanker trade demands well-integrated systems—in both human and technical terms—from the very first designs of vessels to the skills of each individual officer and sailor aboard. It continues to be as necessary for individual governments to promote safety features and pollution prevention ashore, *such as navigational aids, slop* reception facilities, sheltered anchorages for disabled tankers, training establishments for tanker crews, effective equipment and organisations to deal with oil spills, adequate quality controls, as it is for tanker owners to have their vessels conform to internationally accepted standards, classification society rules or statutory prerequisites. IMCO has been able to move quickly and decisively in the past few years to formulate new requirements and regulations, and INTERTANKO looks forward to co-operate with IMCO, and with individual governments, in their implementation.

The tanker industry has experienced a very difficult time of late which some of our members will remember as one of the worst shipping crises ever. While there is now some hope that the worst market is behind us, freight rates are still hardly sufficient to allow break-even operating results. The structural and other modifications required for vessels under the new IMCO rules will therefore produce heavy financial burdens on each individual owner and *this at a time when the market* prospects are still clouded. The uncertain outlook for crude oil supplies and the apparent inability of the oil consumers to develop cohesive and rational energy policies prevent the creation of stability on the oil price front and do not allow more accurate expectations for future growth in world trade. However, INTERTANKO is encouraging its owner members to take positive steps on the assumption that ratification of the IMCO Conventions and Protocols will take place at an early date. The Association is also working closely with other industry organisations to ensure that joint efforts are made where common problems exist, and we hope that this liaison function will continue and grow in the years to come. The international character and the diversity of INTERTANKO's membership normally makes it possible to find solutions that can be both practical and acceptable for the industry at large. We believe that INTERTANKO's voice is respected and hope that its views can be heard as sound commentary on world shipping affairs.

Our membership is united in the conviction that independent tanker operations will not only be a useful but an essential ingredient of the world economy also in future, and that despite market fluctuations and the occasional adverse publicity our industry receives, the value of the transportation service available to all nations through the generally well-managed and highly flexible independent *tanker tonnage has been proven.*

"INTERTANKO and Relationships with Governments"

State interference in shipping is increasing from year to year, and free enterprise in shipping is severely endangered. We must, of course, admit that a real 'freedom of the seas' has perhaps always been subject to links between the shipping business and government activities. Cromwell's Navigation Act was promulgated in 1651 and was alive for almost two centuries before it was buried in 1849. This date marks the beginning of the 'golden age' of shipping which lasted until the outbreak of the first world war. *The recent proposal of the* UN organisation, UNCTAD, to introduce cargo sharing in the bulk trades is a new side to the same problem. Opposing earlier exploitation, some developing countries believe that this is the way to get a better foothold in shipping.

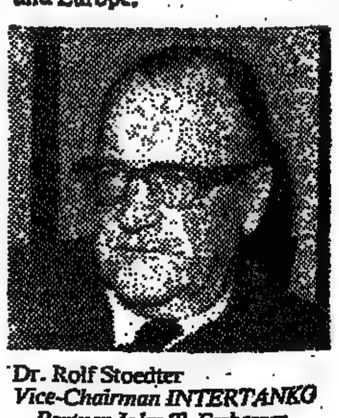
On the national level more and more countries have tried, *and are still trying to develop a* merchant marine of their own with the consequence of protecting their national flag. Preferential treatment of the own flag and discrimination against ships of other flags begin to dominate the scene. The 'have nots' with ambitious aims enter the arena of international shipping, so long occupied by the 'haves' alone.

In this politically dominated environment, the tanker *operators must play an active* role in order to influence the framework within which they operate.

Unilateral action is often selfishly motivated and main considerations are often based upon the well-being of one *sector only. It is a task for* INTERTANKO, as the mouthpiece of the privately owned international tanker industry, to make clear to governments' and intergovernmental agencies, the benefits of a free tanker trade. As another article in this supplement shows oil transportation costs have decreased drastically over the *last 25 years but national cargo* policies will only give rise to higher costs and a less efficient service.

Developing countries claim their right to participate in shipping and this end shall be obtained by international legislation. However, legislation and/or capital are not sufficient to secure a profitable share of the shipping market. It is a gradual process to build up a new industry and know-how in the field of management, training, finance and the like is crucial. INTERTANKO has proposed to UNCTAD that transfer of knowledge and know-how by existing shipping entrepreneurs could be the key to the prosperous expansion of new shipping ventures in the developing world.

In the 1970's the growth of the fleet in prominent developing countries has been higher than the *corresponding increase* in the fleets of traditional maritime countries. The performance of Singapore and Hong Kong are examples of how an industry has been developed within a competitive environment, and this development is a result of the successful transfer of know-how, particularly from Japan and Europe.



Dr. Rolf Stoedter
Vice-Chairman INTERTANKO —Partner John T. Essberger.

In the present shipping crisis, it is a very important task for INTERTANKO to inspire governments to adopt policies which do not prolong the crisis. INTERTANKO has persistently referred to the dangers of subsidising shipbuilding and thereby constructing tonnage for which there is no commercial demand. If large scale subsidisation is being continued, the tonnage surplus will be made even more severe. INTERTANKO has pointed out to governments that subsidised scrapping is an avenue to follow. In Japan the government has now put up scrapping subsidies which will contribute to reducing the tonnage surplus. In our liaison with governments, we have also pointed out that tankers, instead of lying idle, should be used for alternative purposes. With the present precarious oil supply situation vessels could usefully be used for storage space. The Japanese government has again shown how to handle this: last autumn 20 very large crude carriers were employed as floating storage off the coast of Japan. In addition to offering strategic security, the scheme has also turned out to be a very good commercial venture.

هكذا من الأصل

ADVERTISING ANNOUNCEMENT

The value of the oil on board the vessels has increased by more than 200 million dollars since it was loaded last autumn.

A particular project on which INTERTANKO is working together with the Kuwait government, involves the use of tankers for carriage of fresh water as ballast on board on their return trips to loading areas. The Agricultural University in Norway has conducted research on the irrigation of vegetables with fresh water contaminated with crude oil. The results are promising and further work will be done to look into the possibilities of providing irrigation water in desert regions. INTERTANKO is now communicating with research institutions in Kuwait, in the United Emirates, Saudi Arabia and Libya.

We already have a useful exchange of information with the Secretariat of the Organization for Economic Co-operation and Development (OECD). Our newly obtained consultative status with IMCO is a further sign of the improved relationship between INTERTANKO and governmental bodies.

"Tanker Industry Vital for Energy Supply"

As we enter the 1980's more interest is being focused on the subject of energy than on any other determinant of our future. The energy crises of the 1970's have highlighted the precarious position of development efforts in most countries and also illustrated the difficult tasks ahead for planners and entrepreneurs in adjusting to a future of energy constraints. Such difficulties are obviously at hand for those who are involved in the shipping industry or for those who attempt to regulate it wisely.

A great number of alternative energy scenarios are available but it appears to be beyond doubt that the adjustment of the current energy consumption pattern will be a slow and painstaking one. In 1978 about half of the world's energy needs were met by oil. Gas and coal accounted each for about one-fifth of the total energy consumption. The remaining part being covered by hydro-electric power and nuclear power.

S.H. Salen
Vice-Chairman of INTERTANKO and Chairman, Salenrederierna.

The efforts to avoid an oil crisis are following different paths: conservation, to reduce the growth of energy consumption. Diversification, to make possible the use of other actually available energy sources such as coal instead of oil. Innovation, which would introduce entirely new sources of energy into a supply pattern of energy-dependent economies. All these approaches have their limits. Conservation, as long as it does not mean outright rationing, must be propagated with assistance of the stick of prices and the carrot of incentives. Experience to date suggests that consumption patterns at least in the industrialised societies are very stable and can be shifted only by long-term effort. In the argument about substitution the potential of coal plays an important role. Not only is coal a very abundant resource but it also has the attraction of offering possibilities for large scale use that appear to be well within reach technically. Very large coal deposits are also available in close proximity to important consumption areas which would lessen transport costs and also reduce the political problems of energy supply. Nevertheless a massive shift from oil to coal burning will take a decade or two to complete in the industrialised societies.

Even longer time will be needed for efforts in the innovative field, i.e. the introduction of new alternative energy sources, to have effect. A number of important technological breakthroughs are necessary for most such energy sources to become viable alternatives to the major ones mentioned above. It is therefore unrealistic to assume any major impact from such efforts within this century, which is not the same as saying that such efforts should not be made.

This line of reasoning means that oil will remain the most important single source of energy, in all probability for most of the remainder of this century. At present inter-area oil movements cover about 25% of the total energy needs of the world (34% if the Eastern Bloc is excluded). It is therefore safe to say that the tanker industry will remain one of the arteries through which the world's need for energy is satisfied. This would appear even more likely, given the number of developing countries which are making headway along the path of development, increasing their need for energy dramatically in the process.

Tanker Safety

It is a truism that all responsible independent tanker owners are fully as concerned about safe tanker operation and the preservation of clean seas as anyone else. Recent serious casualties with resultant oil spills have understandably attracted much public interest and comment on tanker operation, but this must be set in the context of the huge number of tankers that carry enormous quantities of oil around the world every day without mishap and therefore without attracting attention.

INTERTANKO took an early position of doing everything in its power to endorse the clean seas programme with the aim of minimising pollution of the seas in whatever way possible. We have campaigned hard for the increased provision of shore based oil slop disposal facilities so that tankers, having completed the essential task of cleaning tanks, would have readily available means of disposing of the slops safely and without pollution implications. Sadly, although some progress has been made, the provision of such facilities is still very inadequate in many parts of the world.

D. Hall
Vice-Chairman INTERTANKO and Director Peninsular & Oriental Steam Navigation Co.

We have pressed hard for the elimination of the sub-standard tankers and have fully supported the work of IMCO resulting in the changes in tanker design contained in the Marpol 78 protocols. There is no doubt that the mandatory provision of inert gas systems, segregated ballast systems and crude oil washing facilities will greatly reduce the risks of marine pollution and lead to safer tanker operation. As is well known, these provisions cannot become effective until a sufficient number of Governments world-wide adopt them, and INTERTANKO is continually pressing for early implementation.

A further important factor in ensuring proper standards of tanker maintenance and upkeep is the Port State inspection process and here the United States has led the way in the increased stringency of its tanker inspections and the enlargement of its very professional Coastguard Inspectorate. INTERTANKO welcomes the US lead in this respect and supports an extension of this programme worldwide. But it must be remembered that in order to give the flexibility of service to consumers that is so desirable in our industry, such inspection procedures must conform to reasonably common standards, the Inspectorates must be manned with properly qualified people, and the rules must be fairly applied in a non-discriminatory way.

Fundamental to all of the above and to safety at sea in the broadest sense is the continued will on the part of all shipowners to increase operating standards with ever better trained and better qualified crews. Crew training and certification is a complex subject and again INTERTANKO is playing its full part in promoting this essential feature of safe operation.

It will never, of course, be possible to eliminate the occasional accident, whether it be caused by human error or equipment failure. We can only do all in our power to minimise these occurrences and to put this into context it is perhaps just worth remembering the words of the previous Chairman of INTERTANKO, Mr. Erling Naess, when he said that:

"The accidental spillage of 220,000 tons of oil from *Amoco Cadiz* is about one ten thousandth part of the annual volume of oil transported by sea."

Oil Transportation in Tankers

It is getting cheaper and cheaper.

T.R. Rafgård *General Manager. INTERTANKO*

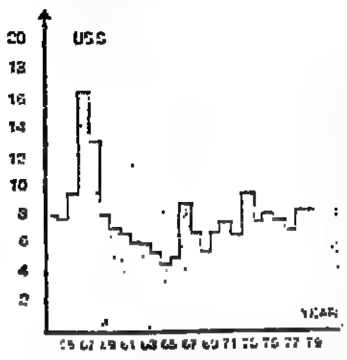
Except for electronic pocket calculators one is not used to anything getting cheaper nowadays. Inflation is a world wide problem and the near future is not likely to bring any dramatic change to the picture. Hence one would not expect that one of the vital services to society is becoming steadily cheaper as time passes. The cost of seaborne oil transportation has, in fact, decreased over the last 25 years.

In nominal dollar terms the average freight per ton of oil carried from the Arabian Gulf to Western Europe was about the same in 1978 as it was back in 1954, i.e. approximately $8.

Graph 1 shows the development in each year in the period 1954-1978. The freight costs have been converted from AFRA (Average Freight Rate Assessment) to US$. AFRA is the average of the commercial charter rates being paid for crude oil tankers whether on long-term, short-term or single voyage fixtures. The AFRA rates, thus reflecting real transportation costs, are produced each month by an independent body, the London Tanker Brokers Panel. AFRA is used by governments as a component in price structures, and also by oil companies as the basis for intra-affiliate freight invoicing. AFRA rates are produced for several size categories, and as the bulk of the oil transported from the Middle East to Western Europe is in large tankers, the largest AFRA size is reflected in the graph.

GRAPH 1.

THE NOMINAL COST OF OIL TRANSPORTATION 1954 — 1978 in current US$ (ARABIAN GULF – ROTTERDAM) (1)

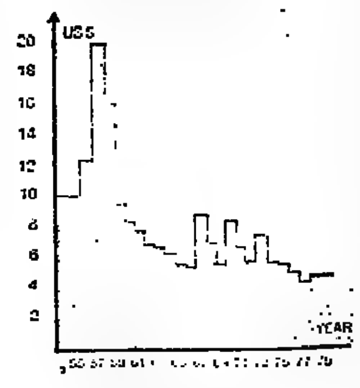


NOTE (1) Based on converted monthly AFRA 1954-1978 Conversions to US$ via flatrates (Scale I, II and III, Intascale, Worldscale) based on information from Worldscale, London. Scale and Intascale originally in UK Pound. Conversion factor Pound to US$—2.80 up to 18.11.67, afterwards 2.40 up to Worldscale (15.9.69). Thereafter, the schedule has been quoted in US$. INTERTANKO Research Dept.

Nominal freight prices do not tell the full story. To get a more correct picture, we shall have to assess the cost of oil transportation in *real* prices, i.e. the influence of inflation must be eliminated. In Graph 2 the nominal price of oil transportation has been deflated by the US Consumers' price index. From this graph showing *real* prices, it can be observed that costs per ton were slightly in excess of $10 in 1954, whereas freight costs today are about $4 per ton. Other countries have had significantly higher inflation rates in the period and thus the development in real terms could have been seen in an even more flattering light.

GRAPH 2.

THE REAL COST OF OIL TRANSPORTATION ARABIAN GULF/WESTERN EUROPE 1954 — 1978 in 1967 constant US$ (Deflated by US Consumer Price Index). (2)



NOTE (2) Consumer Price Index: US Bureau of Labor Statistics.

By way of comparison, the price of crude oil is, for instance, about ten times as high today as in the mid 1950's. Although the price of oil transportation has been reduced by more than 50% in real terms, a critical voice would perhaps claim that tanker owners are reaping huge profits in the spot market, where a contract includes one voyage only. This market is catching the headlines in the media, and it is often characterised by feast or famine. Whereas some shipowners operating in the spot market made significant profits in a short-lived period in 1973, the subsequent famine has lasted for six years, and owners have, in fact, subsidised the transportation of oil. More importantly, the volatile spot market constitutes only a small proportion of the total oil market so that average freight costs are above all decided by rate levels in the time charter market. In 1973, about 10% of all oil was shipped in the spot section (at high rates), whereas the equivalent for 1978 was about 25% (at extremely low rates).

The fact remains that during a quarter of a century the tanker industry has been rendering a service of vital importance to society at ever decreasing prices. What is the explanation of this astonishing trend? The tanker market is one of the most competitive markets in the world and it is enhancing efficiency and low cost operations. Access to the market is open, and the operators remain in business only by virtue of their ability to supply cheap efficient and reliable services. Economies of scale advanced technology combined with professional management are main elements which contribute to lowering transportation costs.

Some developing countries have announced ambitious plans to build up their own fleets. If such plans materialize within a competitive environment, the situation for independent tanker owners is not likely to change substantially. It would, however, indeed change the situation if private owners are doomed to compete against tanker fleets where efficiency and commercial motives are secondary. It ought to be obvious that shipping policies based on, for instance, national freight codes would lead to inefficiency and hence more expensive transportation services. Therefore, it is of vital importance to achieve general understanding of the independent tanker trade as a benefit to society i.e. to maintain an indispensable transportation service at the lowest possible cost.

The world tanker fleet is now standing at about 324 mill dwt, of which private owners control about 200 mill dwt, and the balance is mainly owned by oil companies. Combined tonnage adds a 48 mill dwt potential to the tanker trade, mostly privately owned. Due to the present market situation only 40% of the combined fleet trades in oil, but experience has proved that an improved tanker market creates substantial shifts in the combined fleet's trade pattern. (In 1973, 80%). Past events have shown that changes in demand for tonnage cannot be predicted with any degree of accuracy. At surprisingly low costs tanker owners are filling gaps which suddenly arise in transportation needs. Like taxi drivers in a big city, they are on duty around the clock, covering requirements for cargo space as they emerge. There is, however, one substantial difference, taxi services have become more expensive.....

Easier early Wall St. on Iranian situation

STOCKS ON Wall Street were inclined to drift lower in further slow early trading yesterday as investors remained cautious in view of the threat of an Iranian oil cut-off which stemmed from the student occupation of the U.S. embassy in Tehran.

The Dow Jones Industrial Average, down 6.91 on Monday, was 2.39 easier at 810.24 at 1 p.m. yesterday. The NYSE All Common Index receded 17 cents

Closing prices and market reports were not available for this edition.

more to $57.64, while falls outscored advancing issues by a two-to-one margin. Trading volume came to 16.08m shares, against Monday's 1 p.m. figure of 14.50m.

Analysts commented that with New York banks closed for Election Day and the Iranian situation overhanging the market, there was little demand for stocks.

Investors also remain concerned about high interest rates, the impending recession and inflation. News that the British National Oil Corporation has raised crude prices and reports that Kuwait is also to increase prices added to inflation worries.

Two food issues declined in heavy trading. Volume leader McDonald's lost ⅝ to $40⅜ on turnover including blocks of 200,000 and 87,200 shares traded at $40. Ponderosa System, in second place, shed ⅛ to $12¼. A 100,000 share block were moved at $12½. Ponderosa said it will report lower fiscal third-quarter net earnings.

Marathon Manufacturing eased ⅛ to $39½. Penn Central vowed to sue Reliance group if Reliance solicits votes against Penn Central's takeover of Marathon. Reliance holds 7.9 per cent of Penn Central common and opposes the Marathon bid. Penn Central lost ½ to $17¾.

General Motors were unchanged at $46 despite sharply reducing its year-end dividend. Avco lost ¾ to $24 after rising $3 on Monday.

On the plus side, Mobil gained ¼ to $50. On Monday, Mobil said the Hibernia oil and gas find off Newfoundland, in which it has a stake, seems to be a large one. Yesterday, Mobil's Canadian subsidiary said it would have three rigs drilling in the area in 1980.

THE AMERICAN S.E. Market Value Index was 0.17 easier at 208.16 at 1 pm. Volume 1.64m shares (1.65m).

Canada

Markets remained mainly in easier vein in thin trading yesterday morning. The Toronto Composite Index shed 3.9 to 1,596.7 at noon, while Metals and Minerals declined 7.2 to 1,412.8 and Banks 0.68 to 278.16. Golds, however, gained 26.2 more to 1,904.7 and Oils and Gas put on 4.3 to 3,265.3.

Tokyo

The market again displayed a bias to lower levels, but there was active selective buying interest, especially in energy-related issues and Trading Houses, which left the main market indicators higher on the day.

The Nikkei-Dow Jones Average improved 28.63 to 6,451.83 and the Tokyo SE index 0.76 to 448.40, but declining issues on the First Market section outnumbered gains by 335 to 228. There was a fair turnover of 300m shares (220m).

Brokers said many investors remained cautious most of the day while the Lower House of Parliament cast ballots to choose a new Prime Minister following the general elections last month. Masayoshi Ohira brushed aside a strong challenge from former Prime Minister Takeo Fukuda and retained his post at the helm of Government. Ohira's re-election put an end to about a month of confusion on the political scene here and eased the atmosphere of uncertainty that had gripped the Stock Exchange for some time.

Brokers said, however, that with the outcome of the battle for premiership uncertain most of the trading day, activity centred on stocks that were easy targets for speculative buying, most notably Oils and Trading Houses.

Energy-related issues saw a revival of demand following a rise in domestic petroleum prices, with Teikoku Oil advancing Y44 to Y1,030, Mitsui Mining Y28 to Y594, Nippon Oil Y90 to Y2,190 and Sumitomo Coal Mining Y11 to Y235.

Maruzen Oil rose Y9 to Y471 on reports that the company plans to consolidate a business link with Mobile Oil for stable supply of crude to Japan.

Shares with good earnings prospects were also favoured, with Yamaha Motor adding Y100 at Y1,110, Chiyoda Chemical Engineering Y39 at Y900 and Tokyo Sanyo Electric Y33 at Y619. However, Nissan Motor, despite reporting a record first-half profit, closed unchanged at Y655.

Among Trading Houses, Mitsubishi climbed Y50 to Y920, but Mitsui, reflecting the fresh Iranian political trouble, reacted Y14 to Y445.

Non-ferrous Metals, which gained ground in the morning following a rise in Oils, net profit-taking later, with Nippon Mining ending Y8 down at Y319 and Nippon Light Metal Y7 off at Y311.

Germany

Most shares lost further ground in another small turnover as investors held back and interest rates remained at very high levels on the money and capital markets.

The Commerzbank index fell 8.2 further to rest at a nine-year low of 712.1.

Traders said that the turmoil in Iran had probably further unsettled the market.

However, relieving the general gloom were Karstadt and Kaufhof, which rose DM 2.50 apiece in Stores, but elsewhere in the sector, Neckermann declined DM 4 more.

Schering lost DM 4.70 in Chemicals, Siemens DM 3 in Electricals, Mannesmann DM 4.90 in Steels, VEBA DM 3.90 in Utilities, and Volkswagen DM 3 in Motors. Commerzbank shed DM 2 and Deutsche Bank DM 1.50, while among Engineerings, GHH retreated DM 5.30 and Linde DM 3.20.

Public Authority Loans were mostly unchanged, but there were a few losses extending to 50 pfennigs.

Paris

A further weakening of share prices took place yesterday in continued light dealings, the Bourse Industrials index declining 1.7 to 91.7.

Market observers said investor sentiment had been depressed by a series of adverse factors: the latest events in Iran, the overnight weakness on Wall Street, uncertainties over the political situation in France and fears of further oil price increases.

Declines led gains by 141 to 41, with Stores and Oils the worst-affected sector.

Nobel Bozel, which forecast a return to profit this year after four years of heavy losses, nevertheless fell FFr 0.80 to FFr 45.20.

Elf Aquitaine were down FFr 44 at FFr 1,130 in Oils, while elsewhere, BSN Gervais Danone fell FFr 30 to FFr 810.

Hong Kong

In further heavy trading, stocks relinquished part of Monday's sharp gains as profit-taking took its toll. The Hang Seng index, after advancing 29.30 the previous day to a new six-year high, receded 10.15 to 717.25.

Some institutional selling was noted, but most of the reaction came from local public operators, and dealers said they expect a further weakening early today followed by a firmer afternoon trend.

Dealers expect the market to fall away next week on interest rate and liquidity tightening fears.

Hong Kong Land declined 20 cents to HK$12.10, Sun Hung Kai Properties HK$1.00 to HK$18.00, Cheung Kong 40 cents to HK$20.00, Hutchison Properties 40 cents to HK$15.60 and Swire Properties 15 cents to HK$5.20.

HK Bank lost 20 cents to HK$15.80, Swire Pacific "A" 30 cents to HK$9.00, HK Electric 15 cents to HK$4.95, Hutchison Whampoa 10 cents to HK$8.70, Wheelock "A" 7.5 cents to HK$3.90 and HK Wharf HK$1.00 to HK$43.00, but Jardine Matheson improved 20 cents more to HK$14.20.

Amsterdam

Shares were broadly lower, with the Industrials index closing 0.7 weaker at a new low for the year of 68.1.

Hoogovens, Unilever and Royal Dutch lost Fl.1.00, Fl.1.20 and Fl.1.60 respectively among Dutch Internationals.

NOTES: Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.

♥ Pta 500 denom. unless otherwise stated.

♣ DKr 100 denom. unless otherwise stated.

♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

NEW YORK

Indices

CANADA

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ♦

COPENHAGEN ♣

PARIS

MILAN

VIENNA

BRAZIL

SPAIN ♥

Bank seeks to continue monitoring futures

By John Edwards

NEW AGREEMENTS between the Bank of England and London commodity market associations are planned so that the Bank can continue its monitoring role, in spite of the ending of exchange control regulations last month, it was confirmed yesterday.

Discussions between the Bank and the associations are being held on amending the 1974 Memoranda of Understanding to bring them up to date by excluding references to exchange control restrictions, which previously provided the Bank with the authority to demand part of the information required to monitor the commodity futures markets.

Meanwhile, the market associations have agreed to continue the regular liaison meetings with the Bank on market developments, and to maintain the flow of information on dealings—mainly whether they are trade, speculative or via commission houses.

Metal Exchange ring-dealing members are continuing to provide monthly reports on trading activities, and the Bank is able to obtain information on "soft" (non-metal) transactions from the International Commodities Clearing House.

A Ban kof England spokesman said this meant that supervision of the markets could continue without interruption. But he stressed that the planned arrangements were with the willing co-operation of the market associations

There has been some concern among London commodity traders about the reaction of foreign clients in particular to the news that the commodity markets were no longer controlled under the special Bank of England commodity schemes.

It is also recognised as inevitable that there must be some supervision of the markets. London traders would much prefer it to come from the Bank of England with its past experience and expertise rather than some other new, or existing, organisation without the same sympathy or knowledge.

Until last month, the Bank had the power given by the exchange control concessions to influence the markets. It will now have to rely much more on voluntary self-regulation by the market associations.

EEC plan to cut sugar surplus by 1m tonnes

THE EEC Commission is expected to approve later today proposals to deal with the Community's second biggest structural surplus—the annual sugar glut of more than 3m tonnes which costs the Community about $800m a year in export subsidies.

But the proposals the Commission expects to put to EEC Farm Ministers later this year are unlikely to do more than cut the surplus to 2m tonnes.

The proposals form part of a Commission paper on the organisation of the market for sugar and isoglucose in the five years after the expiry of the present regime next June.

Last year, the Community's beet growers produced 11.8m tonnes of sugar. On top of this, the Community imported 1.3m tonnes of cane sugar from African, Caribbean and Pacific countries guaranteed access to the EEC market under the Lomé Convention.

But Community consumption is only 9.5m tonnes, and is unlikely to rise. The Commission paper proposes to cut that portion of EEC output which receives price support—the so-called A and B quotas—from 11.6m to 10.3m tonnes.

Since the proposed cutback does not take into account the 1.3m tonnes of cane sugar imports, the scheme would still leave the Community with an estimated surplus of 2.1m tonnes to export to the world market.

On isoglucose, the sugar substitute, the paper proposes to continue with the system introduced for a year from last July which provided for annual production quotas of 138,819 tonnes. The Commission may decide, however, as an encouragement to isoglucose producers, to exempt them from the present production levy. It may leave open the possibility of transferring part of the sugar quota to isoglucose.

But the paper proposes an increase in the production levy paid by B quota sugar producers from the current 30 per cent to up to 40 per cent of the Community intervention price.

● The 66-nation GATT council adopted in Geneva yesterday a report by a panel which has been investigating Australian complaints that subsidised EEC sugar exports are disrupting the world free market. Officials refused to divulge the report's conclusions.

Australia charged that Community subsidies on sugar exports were running at about $830 a year, increasing the EEC world market share from 11 per cent in 1976 to 22 per cent last year.

'Illogical' say French

BY DAVID WHITE IN PARIS

FRENCH SUGAR producers reacted vigorously against the Commission's proposals to reduce sugar surpluses.

Representatives of the French National Sugar Producers' Federation (FNPS) said yesterday the plans would "condemn a certain number of sugar companies" in France.

The proposed reductions were described as "extremely worrying."

If they are brought into effect, high-quality processing equipment would be lying stagnant for five years, the FNPS officials said.

Representatives of French sugar beet growers added that they considered the proposals anachronistic and illogical in the light of a changing trend in the world sugar market.

The market, they said, would be in need of sugar in the coming years. "If we cannot furnish it, then we will lose clients for good."

The Commission proposals are seen as an effort to reduce the cost of the EEC farm fund and, by reducing the EEC's exports, to contribute to the success of the International Sugar Agreement.

But the beet growers' spokesmen questioned the wisdom of making sacrifices for the sake of an accord which could be considered moribund, given the improbability of ratification by the U.S., the largest consumer.

Community milk 'quota' plan

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE European Commission will shortly bring forward proposals for what will amount to the introduction of a quota system on milk.

The idea would be to make milk producers finance surplus production over a certain level and the money would be collected in the form of a "co-responsibility levy"—probably of 1.5 per cent as against the existing 0.5 per cent.

Instead of using what in Community terms is the emotive term of "quota," the Commission is talking about "quantums"—related to total Community production rather than individual farmers. The idea seems to be that farmers would start paying the levy once total Community production had gone above an agreed level, probably using 1977 plus one other year as a base.

The reference point for assessing whether or not the levy should be paid would be the milk processor rather than the farmer.

The proposal will probably contain an exemption for farmers producing less than 60,000 litres a year. This would indicate that some farmers who are exempt from the existing levy because they have less than 20 cows would be covered by the new scheme.

Any such proposal would have to be approved by the Council of Ministers and it may well be that it will run into considerable opposition on a wide variety of grounds.

The Commission's commitment to some form of co-responsibility levy was spelt out by the Agriculture Commissioner, Mr. Finn Gundelach, yesterday,

As well as the expected amendment proposing the freezing of a small but symbolic chunk of dairy spending next year, MPs will also vote today on a Socialist amendment which would increase the existing co-responsibility levy to nearer 2 per cent.

The signs yesterday were that both amendments could be carried despite the strong opposition of the British Tory group to the co-responsibility levy.

Ivory Coast move lifts cocoa

By Richard Mooney

COCOA PRICES moved sharply higher on the London futures market yesterday, encouraged by speculative buying and a report that Ivory Coast exporters had been called on to hold 1979-80 crop cocoa off the world market because of current depressed price levels.

Prices rose in early trading, extending Monday's late rally and nearby values established £40 permissible limit rises during the morning. March delivery cocoa reached £1,460 a tonne at one stage before ending the day £52.5 up at £1,455.5 a tonne.

In Abidjan, exporters of Ivory Coast cocoa said they had been asked by the marketing Board to stockpile the cocoa "for as long as is necessary."

The Board said it would pay all stockpiling costs, including the treatment of the cocoa to prevent deterioration during storage.

The exporters estimated that storage facilities were sufficient to stock over 100,000 tonnes of cocoa but they added that the question of stockpiling did not really arise immediately. "We have absolutely no stocks available at present," they said.

They said that the harvesting programme was already more than six week's behind schedule and did not expect to begin stockpiling before mid-December. "By then we will be ready to take in as much as we can hold," the exporters said.

Lead falls as move to zinc continues

By Our Commodities Editor

SWITCHING FROM lead to zinc continued on the London Metal Exchange yesterday. As a result, cash lead fell again, by £15 to £556.5 a tonne, while cash zinc held steady at £331.5 a tonne.

Dealers feel that zinc producers will prevent LME prices declining further, but that the lead market is vulnerable as values are still well over the cost of production. Lead was additionally depressed by a decline in copper prices with consumer interest at a low ebb.

Reports of fresh arrivals of tin supplies in Europe cut the cash tin price by £65 to £7,690 a tonne, while the three months quotation gained £27.5 to £7,515 a tonne.

NZ AGRICULTURE

Ministers fight to keep UK market

BY DAI HAYWARD IN WELLINGTON

TWO New Zealand Cabinet Ministers will tour Britain and the EEC countries this month, in a top-level effort to overcome prejudices and clarify problems affecting exports of NZ lamb and butter.

A saving of millions of dollars and the economic future of the country's major farm export industries hangs on the success of their efforts. Both Ministers will be away until Christmas.

Mr. Duncan McIntyre, Minister of Agriculture, left yesterday for London, Brussels and other EEC capitals. His mission is to persuade the EEC Commission that NZ standards of hygiene in meat processing works are already as high — and in some areas much higher — than existing Community standards. Mr. McIntyre will argue there is no need for further costly alterations to NZ processing works.

Over the past few years NZ companies have spent more than $NZ 400m, introducing new processes and methods to meet criteria laid down in EEC regulations. Meat industry executives and veterinary officials claim many of the alterations were not necessary because they were framed to apply to much smaller and much different meat processing plants from the giant NZ freezing and processing works.

Two EEC veterinarians who recently toured NZ meatworks to check and examine hygiene standards and practices agree.

Despite this acceptance by the visiting officials, New Zealand is —according to Community rules — required to make even more changes in its processing methods.

Mr. McIntyre hopes to persuade the Commission and individual countries to adopt a more reasonable attitude. "If we can do this, the meat industry will save millions of dollars. If we can't, it will be another heavy blow to the industry and to NZ farmers having to face what is really an unnecessary cost," he said.

One problem facing the Minister is that very few EEC officials appreciate the scope and the unique operations of the big meat processing plants in New Zealand.

At the height of the killing season a works with three killing lines operating will process 10,000 lambs in a single eight-hour day.

Mr. Brian Talboys, Minister of Overseas Trade and Deputy Prime Minister, has a different task during his five-week European tour starting on November 16. His main preoccupation will be the future of lamb exports to Britain and the EEC and New Zealand's future butter exports.

Meat is NZ's major exporting industry but Britain is the biggest single market for lamb. Despite recent large sales to Iran, and a growing export market to the U.S. there is no viable alternative to the UK. It is just not possible for NZ to switch large quantities away from Europe to other countries, even if it wanted to.

Over the past few weeks, however, there has been growing feeling of alarm among all New Zealanders on and off the farm that growing pressure and antagonism towards NZ lamb, particularly from France, will lead to restrictive measures to limit or even cut shipments to the UK.

The Government has decided it is so important to restate New Zealand's position to EEC officials and Ministers that Mr. Talboys is being sent to Europe, only five days after returning from a three-week tour of Asian countries.

The harsh facts of New Zealand's economic plight make it imperative that no political action is taken to shut out even part of NZ lamb exports. Mr. Talboys will also be seeking assurances from Common Market officials and Government Ministers that they understand the situation and that New Zealand will not be arbitrarily turned away.

Recent favourable comments by Mr. Peter Walker, the UK Minister of Agriculture, supporting New Zealand lamb entering the UK have been warmly welcomed in New Zealand, and Mr. Talboys wants to encourage Mr. Walker to maintain this stand.

Supporters of the notion that NZ could cut the quantity of lamb shipped to the UK in return for a reduction in the 20 per cent levy, will be told quite definitely why this will not work.

New Zealand butter and its future position in Europe will also come up for discussion. New Zealand is anxious to know what the position will be after next year, when the existing agreement runs out.

Danish farmers seek Government aid

BY HILARY BARNES IN COPENHAGEN

ABOUT 4,000 farmers attended a meeting in Herning, Jutland, yesterday to protest against increases in costs, falling incomes, and the alleged passivity of official agricultural organisations in the face of the farmers' difficulties.

It is one of the biggest protests by farmers against their own organisations since the agricultural crisis of the 1930s.

The protestors, who call their movement Agricultural Reform 1980, claim that about 8,000 farmers, most of them established in the last few years, face bankruptcy unless the Government helps them.

One of the main problems is Denmark's high interest rates, which average about 17½ per cent on mortgage loans. The problem has been compounded by stagnation in farm prices this year, which means that farmers cannot raise loans with security in the increased value of their properties.

The farmers' union estimates there may be up to 500 farmers with debts exceeding assets and up to another 1,000 with debt ratios of between 90 and 100 per cent. The union has proposed that the Government should provide the farmers with a form of "survival finance."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell away in quiet trading on the London Metal Exchange. After trading around £983 on the early pre-market forward metal came under pressure and eased to the mid-£970's. However, trade buying was reported ...

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £972, 73, 74, 75, 73, 72, 73, 74. Cathodes, three months £955, 54, 53. Kerb: Wirebars, three months £971, 73. Afternoon: Wirebars, three months £974, 75, 74, 76, 75, 76, 75.5. Cathodes, three months £957. Kerb: Wirebars, three months £974, 75, 76, 77, 76.5, 76, 76.5.

TIN—Slightly firmer for forward metal. The latter opened at £7,480, reflecting a fall in Penang, but edged up to £7,530 following fresh buying in a thin market. Hedge selling pared ...

TIN				
Cash	7690-700	—80	7680-700	—65
3 months	7500-10	—12.5	7510-20	+27.5
Settlem't	7700	—80	—	......
Straits E.	†$2060	—5	—	......
NewYork	—			......

Morning: Standard, cash £7,700, 20, 7,700, three months £7,500. Kerb: Standard, three months £7,510, 7,500, £554, 56, 54, 53. Kerb: Three months £7,530, 20. Kerb: Standard, three months £7,510.

LEAD—Down again. Forward metal fell away in the morning as long liquidation brought out stop-loss selling below the £560 level. The price eased to the day's low of £551 on the morning kerb but recovered well in the afternoon to close the late kerb at £557.5. Turnover 5,950 tonnes.

SILVER

... levels were: spot 1,653.0c, up 33.0c; three-month 1,690.2c, up 35.2c; six-month 1,722.5c, up 45.7c; and 12-month 1,764.5c, down 5.8c. The metal opened at 777-785p (1,615-1,630c) and closed at 795-800p (1,650-1,660c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	797.00p	+18.8	799.0p	+7.8
3 months	813.50p	+11.6	814.75p	+7.75
6 months	829.30p	+16.4	—	......
12months	852.80p	+17.4	—	......

LME—Turnover 113 (191) lots of 10,000 oz. Morning: Three months 813, 15, 14, 13, 15, 16, 15, 14. Kerbs: Three months 815. Afternoon: Three months 818, 16, 18, 15, 16, 17, 16, 1. Kerbs: Three months 815, 14.

SOYABEAN MEAL

The market opened with small gains and moved higher on commission house short covering, reported T. G. Roddick. Higher freight rates and rains in the mid-West delaying the wind up of the harvest helped to keep the market steady and prices closed with gains of up to £1.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
December	121.50-21.8	+0.65	122.20-21.00
February	123.80-24.0	+0.55	124.00-23.20
April	124.70-25.0	+0.55	125.20-24.50
June	125.40-25.5	+0.50	125.80
August	125.10-25.5	—0.10	—

Sales: 133 (68) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £158.0 (£160.0) a tonne cif for Nov.-Dec. shipments. White sugar daily price was £186.0 (£181.0).

The resignation of the entire Government of Iran cast doubts on the status of Monday's purchase of over 100,000 tons of white sugar by Iran and keen selling was immediately apparent at the opening. Prices fell some 375 points below kerb levels but the lows were shortlived, however, and the market recovered some 150 points. Sellers/buyers were then well matched ...

CORAL INDEX CLOSE: 414-419 (—6)

INSURANCE BASE RATES

† Property Growth 13¼%
† Vanbrugh Guaranteed 13⅜%
† Address shown under Insurance and Property Bond Table.

PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL
Bills issued 7th November, 1979—£5m 13⅜% maturing 6th February, 1980. Applications—£32m. Bills outstanding—£10m.

CANNOCK CHASE CORPORATION BILLS
£230,000 Bills issued 24.10.79 at 12 15/16% to mature 23.4.80. Applications £1,840,000. None outstanding.

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 6 1979	+ or —	Month ago
Metals			
Aluminium	£760/70	......	£710/50
Free Mkt (cs)	$1750/1800	......	$1870/80
Copper			
Cash w'bar	£957	—18.5	£1,001
3 mths	£975.75	—14.75	£1,002.5
Cash Cathode	£940	—20	£984
3 mths	£956	—18.5	£985.5
Gold troy oz	$384.0	+3	$391.5
Lead cash	£555.5	—15	£545.5
3 mths	£554.5	—8	£529
Nickel	£3,186.22	......	£3,080.82
Freemkt(cif (lb	265/280c	......	255/260c
Platin'mtr'y oz	£185.5	+4.5	£181.0
Free mkt	£240.80	+6.35	£245.5
Quicksil'ver	$305/315	......	$325/340
Silver troy oz	797.0p	+10.8	755.95p
3 months	813.50p	+11.6	773.45p
Tin Cash	£7,690	—65	£7,555
3 mths	£7,515	+27.5	£7,255
Tungsten	$142.72	......	$142.35
Wolfrm 22.04cif	$140/144	......	$135/142
Zinc cash	£331.5	......	£352.5
3 months	£341.5	+1	£360.5
Producers	$760	......	$780
Oils			
Coconut (Phil)	$925.0r	......	$932.5
Groundnut	‡	......	‡
Linseed Crude	£413.0q	......	£407
Palm Malayan	$620.0s	+20	$627.0
Seeds			
Copra Philip	$605r	......	$605
Soyabean(U.S.)	$286.90s	+1.4	$293.75
Grains			
Barley Futures	£96.75	+0.35	£98.20
Maize			
French No3AM	£110.0	......	£111.0
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£109.75s	+1	£105.25
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship.t	£1,536	+52	£1,611
Future Mar.	£1,455.5	+52.5	£1,525.5
CoffeeF't'rJan.	£1,819.5	+16	£1,894
Cotton A.Index	79.40c	+0.15	78.00c
Rubber (kilo)	63.50p	+0.5	62.00p
Sugar (Raw)	£158.0	—2	£135.0
Wooltp's 64s kl	288p kilo	......	288p

* Nominal. † Newcrop. ‡ Unquoted. p Oct.-Nov. q Nov. r Nov.-Dec. s Dec. t Jan. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, November 6.

THE POLITICAL uncertainties in Iran helped gold and silver register impressive gains. Copper also recorded a major recovery from opening prices to finish with major gains. Cotton ran into profit-taking and closed moderately lower. Suspension of forward sales and slowdown of nearby ...

... 68.67), Jan. 70.40-70.60 (69.50-70.50), Feb 71.70-71.60, April 72.70-72.90, June 73.93-73.95, Aug. 73.00, Oct. 71.85, Dec. 72.40. Sales: 23,293.

Live Hogs—Dec. 39.25-39.35 (38.82-39.30), Feb. 41.60-41.45 (41.43-41.52) April 39.96-39.75, June 42.70, July 43.85-43.72, Aug. 43.17, Oct. 41.85, Dec. 42.85, Feb. 45.30. Sales: 6,169.

EUROPEAN MARKETS

... $219, March $222, April-May $200.

Maize—U.S. Three Corn Yellow Nov. $138.50, Dec. $140.50 traded, afloat $139, Nov. $139, Dec. $141.50, Jan.-March $148.75, April-June $152, July-Sept. $157, Oct.-Dec. $160.

Barley—Unquoted.

Soyabeans—U.S. Two Yellow Gulfports afloat $289.50 seller. Nov. $288 seller with $287.50-$288 paids, Dec. $275.50 reported paid, Jan. $282.25, Feb. $289.20, March $290.75, April $294.75, May $295.80, June $300, July ... April-Sept. $249 sellers. Brazil Pellets afloat $243, Nov. $245, mid-Nov./mid-Dec. $247, April-Sept. $250

PARIS, November 6.

Cocoa (FFr per 100 kilos)—Dec. 1250-1260, March 1254-1256, May 1283-1290, July 1290, Sept. 1320-1340, Dec. 1335-1350. Sales at call 6.

Sugar (FFr per 100 kilos)—Dec. 1600-1615, March 1625-1627, May 1651-1655, July 1650-1670, Aug. 1655-1675, Oct. 1660-1680, Nov. 1655-1680, Dec 1680-1700. Sales at call 56.

INDICES

FINANCIAL TIMES

Nov. 6	Nov. 2	M'nth ago	Year ago
292.30	293.19	303.61	267.18

(Base: July 1, 1952=100)

MOODY'S

Nov. 6	Nov. 2	M'nth ago	Year ago
1134.9	1126.6	1167.9	983.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 6	Nov. 2	Month ago	Year ago
Spot	400.47	399.47	414.39	394.81
F'tur's	405.84	403.33	423.61	392.33

(Average 1924-25-26=100)

REUTERS

Nov. 6	Nov. 5	M'nth ago	Year ago
1686.9	1688.8	1669.8	1531.3

(Base: September 18, 1931=100)

MEAT/VEGETABLES

... 1.20-2.20, Black 2.50-2.60. Bananas—Jamaican: Per 28 lb 3.90. Avocados—Canary: 4.00; Israeli: 3.30-3.60. Melons—Spanish: Green 4.50-5.00, Yellow 5.00, 15 kilos Green 8/15's 7.25-7.50. Onions—Spanish: 4.50-4.70: Dutch. 2.80. Tomatoes—Dutch: 3.40; Spanish: 3.40-4.40; Jersey: 2.60-2.80. Pomegranates—Spanish: Trays 3.00-3.80. Cucumbers—Canary: 10/12's 1.60-2.20; Spanish: 1.60-1.80. Dates—Tunisian: 30's per box 0.38-0.42; Californian: Per pound 0.30. Chestnuts—Italian: 10 kilos 3.80-6.00; Spanish: 5 kilos 2.50-4.00: French: 10 kilos 3.20. Walnuts—Grenoble: Per pound 0.38; Chinese: Per pound Dry 30 mm 0.40. Filberts—Per pound 0.38-0.40. Pecan Nuts—Per pound 0.65. Almonds—Per pound semi-soft 0.50. Figs—Smyrna. Per packet 48 x ½ lb 0.20.

English produce: Potatoes—Per bag 2.00-2.80. Lettuces—Per 12 round 1.00-1.20. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramleys 0.06-0.09. Worcester Pearmain 0.07, Cox's Orange Pippin 0.04-0.11, Russets 0.05-0.08. Charles Ross 0.07-0.09.

Banking statistics cause late despondency in Gilt-edged and reverse good technical recovery in leading shares

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 22	Nov. 1	Nov. 2	Nov. 12
Nov. 3	Nov. 15	Nov. 16	Nov. 26
Nov. 19	Nov. 29	Nov. 30	Dec. 10

* "New time" dealings may take place from 9.30 am two business days earlier.

A promising technical rally in leading equities was brought to an abrupt halt yesterday afternoon following announcement of mid-October banking statistics, which stock market personnel described as disastrous. The figures also set in motion a new slide in Gilt-edged securities and losses were extending to 1¾ points late in the evening.

Assisted initially by a better tone in sterling the recovery in leading equities began cautiously. Although the movement was largely technical, there was some institutional support for selected shares and at 2 pm the FT 30-share index was showing a rise of 7.5.

However, immediate reaction to banking figures worse than most pessimistic estimates was shock followed by a wave of selling of Government securities. Equities were unable to resist the pressure and the index retreated sharply to close 2.5 down on balance at 418.5 for a turnround of 10 points.

News that underwriting is in *progress for an issue of 31.1m* shares in **Thorn Electrical** prior to a revised offer being made for **EMI**, caused a considerable amount of dissention and led to an unofficial halt of dealing in EMI and Thorn *shares* around 1 pm.

To allow trade with New York, *where EMI are listed, dealings* in both companies were resumed at 3 pm and, in the absence of any *official* communique, Thorn were vulnerable and closed a net 18 lower at 336p. EMI settled a shade harder at 143p, after 147p, the increased share-exchange terms from Thorn, *worth about 157p per EMI* share, came late in the evening.

Demand for Traded options improved slightly and a total of 624 contracts were completed. Monday's total was 588 and last week's average amounted to 869. **Imperial** attracted a useful business with 157 deals completed, while **BP**, 87, and ***GEC***, 91, were also active.

Dealings in **Rosehaugh** were resumed following the conclusion of the conditional contracts for the acquisition of three companies. From an opening level of 105p, the shares slipped to 99p, but recovered to close at *104*p.

Banks below best

Dull lately on the increasing belief that base lending rates will rise soon, the major clearing *banks staged a useful technical* rally at one stage and showed improvements of up to 12. However, publication of the latest lending figures prompted a swift reaction which left **Barclays** only 5 up at 375p, after 382p, and **Lloyds** 7 to the good at 275p, after 280p. Elsewhere, **Bank of Ireland** at 325p, were unmoved by the interim results. Discounts continued to mirror the weak gilts market. **Allen Harvey and Ross** dipped 5 to 325p, while **Clive**, 80p, and **Gerrarda and National**, 225p, cheapened 3 apiece. Still plagued by dearer *money fears*, Hire Purchases drifted lower. **Lloyds and Scottish** gave up 2 to 110p and **UDT** softened a penny to 38p as did **Wagon Finance** to 33p.

Insurances reacted from a firm start to close at the day's lowest. **Lloyd's Brokers** showed particular frailness late with **Willis Faber** closing 7 down at 205p, **C. T. Bowring** 5 lower at 105p and **Alexander Howden** a like amount off at 89p. Composite *casualties included a fall of 7* in **Royals** to 293p and a reaction of 5 to 130p in **London United.**

Breweries and kindred issues recorded *early gains on bear-*closing, but the rises were often erased later. **Bass** finished a penny cheaper at 197p, after 200p. Mid-term profits from **Whitbread** proved to be at the higher end of market estimates and the shares held up reasonably well, closing a shade firmer *at 118p, after 117p.* Among secondary issues, **Hardys and Hansons** *gave up 5 at 230p*, and recently-firm **Davenports** shed 3 to 122p. **H. P. Bulmer** were marked 5 lower to *173p.* **Distillers** again encountered sizeable selling late and reacted from 222p to 218p, a shade lower *on balance, while* **Tomatin** dipped 4 to 176p.

Firmer at first on technical influences, Buildings subsequently suffered a mark-down and ended with little change on balance. **Blue Circle** reverted from 240p to end unchanged at 238p, while **Tarmac** finished only a penny higher at 171p, after 173p. **Redland** encountered renewed selling and eased 4 to 161p and **SGB** fell 14 to 238p on profit-taking. The possibility of an opencast coal mining strike depressed **Burnett and Hallamshire**, which dropped 30 to 400p in a thin market. **Brown and Jackson** shed 15 more to 180p and **Newarthill** declined 6 to 178p. Late selling left **Marshalls** ***(Halifax)*** *7 cheaper at 173p*, while fresh offerings lowered **Feb International** 3 to 39p and the "A" 2 to 27p. Recently firm **P. C. Henderson "A"** gave up 4 at 110p. In Timbers, speculative counter ***Phoenix*** retreated 5 to 150p. **Roberts Adlard** held at 140p, helped by the higher interim profits, but **William Leech**, half-yearly results due tomorrow, eased 3 to 85p.

ICI became a volatile market late and reacted from 340p to end a penny cheaper on balance at 328p. **Fisons** finished 2 off at 233p, after 239p. **Carless Capel** touched 64p in response to excellent interim profits before closing 2 cheaper on balance at 60p. **Allied Colloids** advanced to 148p on renewed speculative demand before coming back to *the overnight* level of 140p.

House of Fraser firm

Revived rumours that *Lonrho* is about to launch a bid for the outstanding 70 per cent of **House of Fraser's** equity it does not already own prompted firmness in the latter which moved steadily up to 120p before reacting with the general trend to close at 115p, up 3 on balance. Other Store leaders closed at the day's lowest with **Mothercare** 6 down at 184p and **Burton "A"** 2 off at 230p, after 236p. **Marks and Spencer** lost the turn to 87p, after 89p, as did **UDS** to a 1979 low of 79p. Secondary issues remained friendless. **Comet Radiovision Services**, 138p, and ***Henderson Kenton***, *112p*, relinquished 8 and 6 respectively, while **Ernest Jones** gave up 4 to 180p along with **Waring and Gillow**, at 132p, and **John Michael**, at 36p. With the exception of **Headlam Sims and Coggins**, which hardened 2 to 63p *in response to the interim results and proposed 25 per cent scrip-*issue, Shoes traded lower. **Stylo** encountered renewed selling at 160p, down 8.

Interest *in the* electrical sector centred upon **EMI** and **Thorn** when it was announced just before 1 pm that the latter was *formulating* a revised offer for EMI. Dealings in both were subsequently halted by jobbers and then resumed a couple of hours later by which time EMI had reacted from its midday level of 147p to close a penny dearer on balance at 143p, while Thorn fell away to finish 18 lower at *336p, to make the share-exchange* offer worth around 118p per share; news of the increased share-exchange bid worth around 157p per share came after market hours. Elsewhere, **GEC** ran back from 319p to finish a penny cheaper at 313p but **Plessey** ended that much dearer at 109p, *after 112p.* *Secondary issues* were featured by a fall of 18 to 316p in **United Scientific** and falls of 10 and 9 respectively in **Decca**, 335p, and the "A," 278p. **Ferranti** fell 10 to 375p and **Kode** a further 8 to 190p.

Engineering leaders followed the general pattern, closing a little easier on balance after an early improvement. **GKN** touched 245p before settling at 240p, down 2, while **Hawker** ended 4 cheaper at 150p and ***John Brown*** a shade off at 59½p. Elsewhere, the trend was to lower levels, but losses were usually limited to a few pence or so. **Newman Tonks**, however, weakened 7 to 65p *on the* proposed £2m rights issue. **Matthew Hall** encountered fresh selling and gave up a similar sum at 158p, while the sharply lower interim profits left **Acrow "A"** 3 cheaper at 37p and the Ordinary the same amount down at 93p. Smaller-priced issues to give ground included **Percy Lane**, 29p, **F. H. Lloyd**, 39p, and **Ricord-Ridgway**, 28p; all around 2 easier. Against the trend, **Martonair** responded to the increased *dividend* and annual profits with a rise of 4 to 170p, while the forecast of considerably improved second half profits, which accompanied the interim results, left **Capper Neill** 3 to the good at 52p, after [illegible].

Food issues followed the *general* trend and finished lower on balance. **J. Sainsbury**, half-yearly results today, shed 6 to 262p, after 270p and **Associated Dairies** closed a similar amount off at 146p. Consideration of the preliminary results left **A.B. Foods** 3 cheaper at 76p. **Rowntree Mackintosh** and ***Linfood*** *ended with falls of 6* at 166p and 150p respectively, while **British Sugar** gave up 3 to 154p and **Tate and Lyle** receded 2 to 142p. **Avana**, *a particularly dull market of late on the interim* results, rallied to 100p before settling only a penny dearer on balance at 95p.

In Hotels and Caterers, **Grand Metropolitan** finished 2 cheaper on balance at 127p, after 133p, while **Trusthouse Forte** ended a *penny off at 135p, after 139p.* Awaiting the outcome of the casino appeal hearing, **Ladbroke** shed 4 to 170p. **Brent Walker**, interim results tomorrow, declined 3 to 91p.

Wilkinson Match down

A *promising technical rally by* the miscellaneous industrial leaders soon came to an end following disappointing banking figures and earlier gains of up to 5 were in some cases reversed by the close. **Reckitt and Colman** ended that much down at 185p, while **Pilkington** ran *back from an initial level of* 260p, to finish 4 lower on balance at 253p. **Boots**, weak of late following a sell recommendation, touched 160p but closed unaltered at 157p, while **Beecham** were also unchanged at 124p, after 129p. Elsewhere, news of a new boardroom rift left **Wilkinson Match** 7 off at 142p. Disappointing interim statements prompted a fall of 5p to 120p in **Clement Clarke** and a reaction of 3 to 27p in **Semic**, while renewed selling and lack of support brought falls of 10 and 11 respectively in **Vinten**, 108p, and **Johnson Group Cleaners**, 127p. Other losses of *around 6 or so were seen in* **Centreway**, 161p, **PMA**, 84p, **Provincial Laundries**, 36p, and **Henry Boot**, 108p. Bringing some relief to the gloom, however, were **I.C. Gas** which continued to reflect its North Sea oil activities with a fresh rise of 13 at 588p, after 598p.

Flight Refuelling at 170p, provided a rare upward movement in the Motor sector, recovering 15 of the previous *day's* fall of 22 which stemmed from nervous selling ahead of the interim results, expected shortly. **Lucas** rose to 212p in the early business on satisfaction with Monday's preliminary statement, but reverted finally to the overnight level of 204p. Distributors lacked support and ended with losses to 6. **Harold Perry** fell that much to 124p, while **Lex Service**, 84p, **T. Cowie**, 39½p, and **F. G. Gates**, 36p, all gave up around 3, the last-mentioned awaiting today's interim figures. **Jessups** relinquished a couple of pence to 41p on the annual results.

Modest gains in Properties were replaced by widespread and sometimes substantial falls as sentiment changed. **M.E.P.C.** finished 6 cheaper at 147p, after 154p, and **Land Securities** ended 5 down at 261p, after 268p. **Bernard Sunley**, which resumed on Monday following Eagle Star *bid terms worth 630p per share*, shed 5 to 595p. **British Land** eased 2 to 58p and **Capital and Counties** declined 3 to 80p, while falls of 6 were marked against **Stock Conversion**, 344p, and **Haslemere Estates**, 258p. **Hammerson A and United Real** shed 10 apiece to 765p and 380p *respectively.* **Allied London** gave up 5 at 91p and **London and Provincial Shop** fell 13 to 233p following their respective annual trading statements.

Oils erratic

Leading Oils joined in the general late movement and initial gains were rescinded or severely pared. **British Petroleum** finished unchanged on the day at 364p, after 370p, while **Shell** ended just 4 higher at 328p, after 334p. Early speculative support lifted **Ultramar** to 362p, but the close was only 6 higher at 356p. **Oil Exploration** encountered profit-taking and eased 10 to 578p, but **Lasmo** held at 308p.

Trust were again marked lower in line with the general trend of the equity market. **Rothschild**, 237p, **New Throgmorton Capital**, 135p, and **British Investment**, 124p, all lost around 6, while **Caledonia** dipped 10 to 262p. Financials also turned downwards, **S. Pearson** falling 5 to a new 1979 low of 203p. **London Merchant** gave up 4 at 114p.

Shippings failed to attract any follow-through to initial support and fell away by mid-afternoon. **P & O Deferred** ended 3 *lower at 104p, after 108p, while* losses of around 8 were common to **Milford Docks**, 195p, and **British and Commonwealth**, 322p. **Ocean Transport** fell 3½ to 93½p, but **Common Brothers** held the overnight level of 240p awaiting today's preliminary results.

etaoin shrdlu cmfwyp vbgk vkjj

Textiles remained dull. **S. Lyles** and **Tricoville** shed 3 to 62p and 86p respectively, while **Radley Fashions** lost 4 at 42p. Woollen cloth manufacturers **G. and G. Kynoch** were marked down 20 in a thin market to 32p following the full-year deficit and dividend omission. **Tern-Consulate**, however, pleased with near-doubled interim profits and touched 78p before closing a net penny easier at 75p.

Golds advance

South African Golds enjoyed their biggest one-day rises for nearly a month as the bullion price gained $3 more to $384 an ounce.

Share prices were marked up at the outset, reflecting strong *overnight American buying,* and *moved further* ahead for most of the day until profit-taking towards the close and in the after-hours business took quotations a fraction off their best levels. The Gold Mines index registered a 10.0 gain at 210.1.

In the heavyweights **West Driefontein** were outstanding with a rise of almost two points at £37½, while gains of around a point were seen in **Vaal Reefs**, £19½, **Western Deep**, £11¼, **President Brand**, £11¾ and **St. Helena**, £10¾.

Among the medium and lower priced issues **Winkelhaak** responded to Continental and London buying to close 80 firmer at 891p, while **Venterspost** added 20 at 308p and **Vlakfontein** put on 7 to 84½p.

South African Financials made progress in line with Golds. "**Amgold**" were ½ to the good at £26¼ and "**Johnnies**" climbed a half-point to *£19¼*.

London-based *Financials* relinquished all and more of initial small gains as the UK equity market turned easier. **Rio Tinto-Zinc** fell 6 to 277p, **Gold Fields** closed unchanged on balance at 302p, after 308p and **Charter** were a net penny cheaper at 161p; after 166p.

Platinums continued to attract overseas buying which left **Lydenburg** 5 up at 101p, **Rustenburg** 3 better at 155p and **Impala** 2 harder at 174p.

Australians were mixed. Good London buying of the gold issues was reported.

FINANCIAL TIMES STOCK INDICES

	Nov. 6	Nov. 5	Nov. 2	Nov. 1	Oct. 31	Oct. 30	A year ago
Government Secs.	67.44	68.17	68.61	69.51	68.36	69.17	[illegible]
Fixed Interest	65.74	68.98	69.82	70.31	70.26	70.33	[illegible]
Industrial	418.5	421.0	421.7	436.7	433.5	439.1	[illegible]
Gold Mines	210.1	200.1	201.3	202.2	208.0	193.8	[illegible]
Ord. Div. Yield	7.98	7.92	7.74	7.66	7.64	7.68	[illegible]
Earnings, Yld. % (full)	19.17	19.09	18.65	18.47	18.43	18.70	[illegible]
P/E Ratio (net) (*)	6.43	6.45	6.60	6.67	6.68	6.69	[illegible]
Total bargains	19,546	19,929	18,784	18,533	16,670	16,968	[illegible]
Equity turnover £m	—	99.54	116.81	88.68	101.99	89.06	[illegible]
Equity bargains total	—	15,400	15,974	11,756	12,611	15,860	[illegible]

10 am 422.8. 11 am 424.0. Noon 425.7. 1 pm 428.2. 2 pm 428.5. 3 pm 423.3.
Latest Index 01-246 8026.
*Nil=6.16.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity, July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	65.03 (15/2)	159.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	418.5 (6/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 6	Nov. 5
—Daily		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Av'ge		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (6)
COM'WEALTH & AFRICAN LOANS (1)
S. Rhod. [illegible]
ENGINEERING (1)
Adwest
INSURANCE (1)
Trade Indemnity
OILS (1)
Gas & Oil Acreage
MINES (1)
Oliveira

NEW LOWS (349)
[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	85	—
Corpns. Dom. and Foreign Bonds	7	17	42
Industrials	141	[illegible]	[illegible]
Financial and Prop.	40	254	207
Oils	7	19	14
Plantations	2	11	15
Mines	65	28	59
Others	10	77	62
Totals	272	1,057	1,096

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	300	76	7	[illegible]	—	—	—	365p
BP	325	52	16	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London seminar on accounting

A CONFERENCE on "problems in accounting" will be held in London on January 9-10 to review problem areas of company accounting where there are existing standards and plans for future standards to provide an update on progress towards an inflation accounting standard and the conceptual framework for financial reporting.

The conference chaired by Mr. Tom Watts, chairman of the Accounting Standards Committee, and Mr. David Hobson, senior partner of Coopers and Lybrand, will be jointly sponsored by the Financial Times and World Accounting Report.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Tues., Nov. 6, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Nov. 5 Index No.	Fri. Nov. 2 Index No.	Thur. Nov. 1 Index No.	Wed. Oct. 31 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (173)	210.16	-0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (27)	283.70	-1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	193.84
3 Contracting, Construction (29)	336.76	-1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	362.19
4 Electricals (15)	525.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	256.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	357.04
6 Mechanical Engineering (74)	143.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	178.06
8 Metals and Metal Forming (16)	144.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	162.44
CONSUMER GOODS (DURABLE) (53)	201.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	198.11
12 Lt. Electronics, Radio, TV (15)	281.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (14)	125.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	170.04
14 Motors and Distributors (25)	97.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	117.09
21 CONSUMER GOODS (NON-DURABLE) (170)	209.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	200.93
22 Breweries (14)	253.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	219.57
23 Wines and Spirits (6)	304.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	264.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	250.28
25 Food Manufacturing (19)	188.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	196.35
26 Food Retailing (15)	270.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	216.31
32 Newspapers, Publishing (12)	371.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	371.82
33 Packaging and Paper (15)	116.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	131.86
34 Stores (41)	204.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	190.28
35 Textiles (23)	135.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	171.98
36 Tobaccos (3)	210.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	220.82
37 Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (98)	153.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (18)	264.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Pharmaceutical Products (7)	197.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Office Equipment (6)	105.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Shipping (10)	416.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Miscellaneous (57)	215.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (493)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (7)	713.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	209.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	169.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	198.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	156.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	140.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	89.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (44)	311.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	112.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (109)	187.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	134.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	314.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	227.10	-0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Tues., Nov. 6	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	101.37	-0.78	—	8.18
2 5-15 years	108.68	-1.17	—	[illegible]
3 Over 15 years	113.12	-1.21	—	[illegible]
4 Irredeemables	120.90	-2.09	—	[illegible]
5 All stocks	107.16	-1.05	—	9.94

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Tues. Nov. 6	Mon. Nov. 5	Year ago (approx.)
1	Low	5 years	[illegible]	[illegible]	[illegible]
2	Coupons	15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

	Tues., Nov. 6 Index No.	Yield %	Mon. Nov. 5	Friday Nov. 2	Thurs. Nov. 1	Wed. Oct. 31	Tues. Oct. 30	Mon. Oct. 29	Friday Oct. 26	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	54.88	†13.51	54.89	55.07	55.36	55.34	55.40	55.55	55.61	56.12
16 Investment Trust Prefs. (15)	46.41	14.45	46.41	46.41	46.41	46.41	46.41	46.41	45.52	51.39
17 Coml. and Indl. Prefs. (20)	62.88	14.18	62.95	63.13	63.50	64.12	64.10	65.67	62.92	71.86

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p. ● Corrected indices for November 5.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	11	328	− 1	415	314
Charter Cons.	25p	9	161	− 1	178	122
Shell Transport	25p	9	328	+ 4	402	278
BAT Inds.	25p	8	248	− 4	362	248
GEC	25p	8	313	− 1	456	311
BP	25p	7	364	—	406	220½
Cons. Gold Fields	25p	7	302	—	316	178
P. & O. Defd.	£1	7	104	− 3	119	71
Allied Breweries	25p	6	84	− ½	102	80
Boots	25p	6	157	—	[illegible]	156
Bowater	£1	6	155	—	209	151
Burmah Oil	£1	6	170	− 1	107	82
Midland Bank	£1	6	320	—	455	320
Trafalgar House	20p	5	57	—	85	57
Ultramar	25p	6	356	+ 6	396	197

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 29	Nov. 9	Feb. 7	Feb. 18
Nov. 12	Nov. 23	Feb. 21	Mar. 3
Nov. 26	Dec. 7	Mar. 6	Mar. 17

For rate indications see end of Share Information Service

Money was given for the call of EMI, P and O Deferred, Town and City, John Brown, Allied Colloids, Ultramar, Burmah, House of Fraser, Vinten, Premier Oil, Bryant, Combined English Stores, Courtaulds, NatWest, Youghal Carpets, Woolworth, BP, Cons. *Gold Fields, Stylo,* Raybeck and Coral Leisure. Puts were arranged in GEC, Lucas and Jacksons Bourne End, while *doubles were completed in* P and O Deferred, Belhaven, Town and City, Allied Colloids, Lucas and Ultramar.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

Craigmount Unit Tst. Mngrs. Ltd.
9/10 Foster Lane, EC2V 6HH 01-606 9262

High Income	39.1	42.8xd	−0.5	10.70
North American	50.1	54.0	−0.6	2.00
Canadian Exempt	51.9	54.8xd	+0.8	3.00
Canadian Trust	48.3	52.0xd	−0.7	2.85
Mid Mount High Inc.	45.2	47.5	−1.4	10.00
Recovery	45.5	49.6xd	−0.5	5.30
Gilt Trust	45.2	46.9xd	−0.1	9.94

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	23.7	25.5xd	−0.4	1.62
Cres. Internat'l.	56.8	61.1	−0.5	1.00
Cres. High. Dist.	41.1	44.1xd	−0.3	10.63
Cres. Reserves	38.8	42.7	—	6.15
Cres. Tokyo	19.4	21.0	−0.2	1.00

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Nov. 2	194.4	207.3xd	—	5.47

[illegible]

(Accum. Units)	300.5	323.0	−2.6	5.24
Midland	166.4	177.2	−2.3	8.96
(Accum. Units)	297.2	316.5	−4.1	8.96
Recovery	108.2	115.2	−1.9	5.04
(Accum. Units)	114.6	122.0	−2.0	5.04
Second Gen.	187.5	201.6	−2.0	5.82
(Accum. Units)	294.6	316.7	−3.2	5.82
Smaller Companies	206.1	219.5	−2.3	4.23
(Accum. Units)	269.3	286.8	−3.0	4.23
Specialised Funds				
Trustee	141.1	150.3xd	−2.1	7.64
(Accum. Units)	293.5	312.6	−4.0	7.64
Charibond Oct. 30		104.2	—	12.46
Charifund Nov. 6	144.0	146.2xd	−4.9	8.98
(Accum. Units)	206.7	209.9	−6.7	8.98
Pension Ex. Nov. 5	142.6	150.4xd	—	6.79

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	62.0	65.3	—	4.32

[illegible]
28 St. Andrews Sq. Edinburgh

Income Units	49.3	52.5xd	−2.2	6.12
Accum. Units	60.1	63.9xd	−2.1	6.12

Dealing day Wednesday.

Sebag Unit Tst. Managers Ltd.♥ (a)
PO Box 511, Bcklbry. Hse., E.C.4. 01-236 5000

Sebag Capital Fd.	36.3	38.2	−0.1	5.52
Sebag Income Fd.	28.1	29.6	−0.2	9.78

Security Selection Ltd.
Regis Hse., King William St., EC4
(Admin Office) 01-623 4951

Unvl Gth Tst Acc.	26.5	28.2	—	4.80
Unvl Gth Tst Inc.	21.9	23.3	—	4.80

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	57.7	61.3	—	1.55
Accum. Units	63.4	67.5	—	1.55
Withdrawal Units	43.2	46.0	—	—
*Stewart British Capital Fund				
Standard	150.0	163.7	—	4.48
Accum. Units	170.4	186.0	—	4.48

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp.Eq. Oct. 10	£275.1	289.6	—	4.59
♥The Family Fd.	105.6	112.3	−0.5	4.53

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE PROPERTY BONDS

[illegible]

Guaranteed see 'Ins. Base Rates' table.

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		105.7	—	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Plan Units	81.1	85.3	—	—
FutureAssd.Gth(a)		25.0	—	—
FutureAssd.Gth(b)		53.0	—	—
Ret. Assd. Pens.		£29.01	—	—
Flex. Inv. Growth	109.60	115.4	—	—

OFFSHORE & OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$8.01	—	—

Net asset value Oct. 31.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg.Fd.	£11.73	11.79	—	12.24

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123.0	127.0	—	7.87

Next dealing November 12.

Gov't Secs. Tst.	83.5	87.0	—	14.65

Next dealing date November 12.

East &Intl.Tst.(CI)	101.0	108.0xd	—	3.47

Next dealing November 15.

Arbuthnot Stlg. Fd.	101.5	101.6	—	—

Next dealing date Nov. 15.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$106.98	107.52	—	8.60

Prices at Nov. 1. Next sub. day Nov. 7.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	$US59.29	61.72	+0.40	8.63

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	92.0	96.4	—	5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	44.3	44.7	—	12.00
Unidollar Trust	US$11.09	11.60xd	—	1.80
Unibond Trust	US$94.48	95.49	+0.19	9.75

1, Thomas St., Douglas, Isle o. Man. 0624 4856

Unicorn Aust. Ext.	49.2	53.0	—	1.70

[illegible]

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Nov. 6	US$4.45	4.59	+0.13	—
Australian Ex. Oct. 31	$US3.55	4.04	—	—
Gold Ex.Acc.	$US25.18	26.50	—	—
Island	130.9	139.3xd	−1.6	4.25
(Accum Units)	194.7	207.2	−2.3	4.25

Midland Bank-Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281

Midland Drayton Gilt.	97.1	97.8xd	—	12.00

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅛	95⅞	Treasury 9pc 1980‡‡	98¼	−⅛	9.16	14.51
99⅝	95½	Treasury 9½pc '80‡‡	97½xd	−⅛	9.74	14.61
97	92¼	Treasury 3½pc '77-80	94⅝	−⅛	3.70	12.92
97⅛	92⅞	Funding 5¼pc '78-80‡‡	95¼	−⅛	5.51	13.57
103⅜	98⅜	Exchequer 13pc 1980‡‡	98⅝xd	−⅜	13.18	14.47
102⅛	96⅝	Treasury 11½pc 1981‡‡	96⅝	−½	11.90	14.55
93¼	88⅞	Treasury 3¼pc 1979-81	91⅝	−¼	3.82	10.65
99¾	92½	Treasury 9¾pc 1981‡‡	94⅝	−⅛	10.30	14.05
96¾	89½	Exch. 8¼pc 1981	92½xd	−⅛	8.92	13.69
98¾	91¼	Exch. 9½pc 1981	93⅜	−⅛	10.17	13.82
91¼	84¼	Exch. 3pc 1981	87¾	−½	3.42	10.67
98⅜	96	Treas. Variable '81‡‡	97½xd	−⅛	13.48	15.68
104⅝	97⅛	Exch. 12¼pc 1981‡‡	97½xd	−⅛	13.08	14.20
96⅞	88	Treas. 8½pc '80-82‡‡	89⅞	−¼	9.47	13.96
89½	82	Treasury 3pc '82‡‡	84¾	−½	3.54	10.70
108⅝	99½	Treasury 14pc '82‡‡	99½	−1	14.07	14.22
97¼	94⅜	Treas. Variable '82‡‡	95	−⅛	14.72	16.38
95¼	85⅜	Treasury 8¼pc '82	87½	−⅛	9.43	13.98
97¼	86½	Exch. 9¼pc 1982	88½	−1	10.45	14.20
95⅞	84⅝	Exch. 8¾pc 1983	87½	−⅛	10.00	13.70
86⅛	77¾	Exch 3pc '83	78¾	−¼	3.81	10.83
104⅞	93⅛	Treasury 12pc 1983‡‡	94	−1⅛	12.77	14.27
95	93	Treas. Variable '83‡‡	93xd	−⅛	14.17	16.67
97¼	84½	Treasury 9¼pc '83	87⅛	−1	10.62	13.77
98⅛	85½	Exch. 10pc 1983	87½xd	−1⅛	11.44	14.18
89½	78¾	Funding 5½pc '82-84‡‡	80	−1	6.88	11.65
97⅞	90	Exch. 11¼pc 1984	90	−1¼	12.50	14.41
77¼	72¼	Exch. 3pc 1984	72¼	−¼	4.15	10.77
101¼	92¼	Treasury 12pc 1984	92¼	−1⅛	13.01	14.20

Five to Fifteen Years

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
110	92¾	Exch. 12¼pc 1985	92¾xd	−¼	13.14	13.94
95	80	Treasury 8½pc '84-86‡‡	86⅞	−⅛	10.11	12.02
112¼	97¾	Exch. 13¼pc 1987	100¼	−¼	13.75	14.04
84⅛	72½	Funding 6½pc '85-87‡‡	76	−⅛	8.56	11.37
88⅜	73½	Treasury 7¾pc '85-88‡‡	80½	−⅛	9.90	11.67
70⅜	58⅝	Transport 3pc '78-88	60	−⅛	5.09	10.27
95⅝	88	Treasury 11½pc 1989●	88	−1⅛	13.22	14.04
73	61⅛	Treasury 5pc '86-89	63¾	−⅛	7.87	11.15
113⅞	93¾	Treasury 13pc 1990‡‡	98⅝	−1¼	13.79	14.04
89¼	72¾	Treasury 8¼pc '87-90‡‡	77¾	−⅞	11.08	12.68
106⅛	86¼	Treasury 11¾pc 1991	91	−1⅛	13.48	14.03
72½	60⅜	Funding 5¾pc '87-91‡‡	64	−⅛	9.06	11.60
98⅜	83½	Exch. 11pc 1991	83½	−1⅛	13.24	13.92
111⅝	91	Treasury 12¾pc '92‡‡	96¼	−1¼	13.79	14.02

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103¾	97¾	FFI 13pc 1981	97¾	−¼	13.30	14.95
108¼	98¼	Do. 14pc '83	98½	−¼	14.22	14.44
86½	77½	ICFC 5½pc Deb. '80-82	82½	−1	6.74	12.96
85	71½	Do. 6¼pc Db. '81-84	74½xd	−½	8.38	13.40
99	84½	Do. 10½pc Uns.Ln. '86	90	+½	12.15	13.90
99	84½	Do. 11pc Uns.Ln. '88	90½	......	12.68	13.70
101½	84	Do. 11¾pc Uns.Ln. '90	92	......	13.37	14.00
72½	57	Do. 7¾pcADeb. '89-92	64	......	11.98	13.90
69	53½	Do. 7¾pcA Db '91-94	59½	......	12.44	14.00
81½	64½	Do.9pc'A' '91-94	70	......	13.14	14.20
78½	62½	Do.8⅞pcLn. '92-97	68	−½	13.55	14.20
102	93	Do. 12½pc. Uns.Ln. 1992	93	......	13.54	13.80

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
37	22	Antofagasta Rly.	36	......	—	—
45	37	Do. 5pc Pref.	42	......	—	—
98	98	Chilean Mixed	98	......	—	3.39
48	18	Chinese 4½pc 1898	46	......	—	—
42	21	Do. 5pc 1912	33	−1	—	—
28	13	Do. 5pc 1913	23	−1	—	—
27	10	Do. 5pc 1925 Boxer	23	......	—	—
430	400	German Yng. 4½pc.	425	......	4½	—
52	35	Greek 7pc Ass.	35	......	3½	10.52
51	34	Do 6pc 28 Stab Ass.	35	......	6	10.88
42	32	Do 4pc Mixed Ass.	34	......	4	7.28
54	42	Hung. '24 Ass	52	......	—	5.43
68	68	Iceland 6½pc '83-88	68	......	—	13.39
90½	78½	Ireland 7½pc '81-83	84¼	+¼	7½	13.96
87½	69	Do 9¾pc '91-96	78	......	12.81	13.31
390	230	Japan 4pc '10 Ass	230	......	—	—
73	62	Do 6pc '83-88	63	......	6	11.90
160	135	Peru Ass. 3pc	160	......	3	1.62
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.66
94½c	94½c	Turin 9pc 1991	94½	......	9	9.52
DM91	DM91	Turin 6½pc 1984	DM91	......	6½	8.80
97	95	Uruguay 3½pc	96	......	3½	3.80

AMERICANS

1979 High	Low	Stock	$	+ or −	Div. Gross	C'vr	Y'ld Gr's
20¼	11¾	ASA	13¾	+¼	$1.00	—	3.3
59	40	AMF 5% Conv.'87	42	......	5%	—	12.5
21¼	14⅝	Abbott Labs.‖	18¼	−⅛	84c	—	—
25⅞	17	Amax $1	19½xd	−¼	$1.80	—	4.2
23½	14⅛	American Express	14⅜	......	$1.80	—	5.6
19½	10½	American Medical Int.	12¼xc	−⅛	h64c	—	2.4
16⅛	847p	Asarco Inc.	11¼xd	−½	$1.50	—	5.8
27¼	19¾	Baker Intnl. Corp. $1	23¼xd	......	60c	—	1.2
12⅛	725p	Barnes Grp. $6⅔	905p	......	90.66	—	3.3
29⅝	16⅝	Bendix Corp. $5	19¼	−⅛	$2.84	—	6.5

CANADIANS

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

120	56	Messina R0.50	99	+2	—	—	—

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	70	−2	—	—	—
14½	10	Burma Mines 17½p	13	......	—	—	—
365	170	Cons. Murch. 10c.	305	+5	Z030c	—	5.6
440	280	Northgate C$1	290	−10	—	—	—
362	226	R.T.Z.	277d	−6	†11.5	3.4	5.9
31	12	Robert Mines	15	+1	—	—	—
65	28	Sabina Inds. C$1	30	−2	—	—	—
880	490	Tara Exptn. $1	505	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● Excluding a final dividend declaration.
- ♣ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......
Bertam	16	......
Bdg'wtr. Est. 50p	420	......
Clover Croft	30	......
Craig & Rose £1	£101½	......
Dyson (R. A.) A	25	......
File Forge	48	......
Finlay Pkg. 5p	19	......
Graig Ship £1	650xd	−25
Higsons Brew	65	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	155	......
Pearce (C. H.)	410	......
Peel Mills	30	......
Sheff. Refrshmt	105	......
Sindall (Wm.)	170	−2

IRISH

Conv. 9% '80/82	£86	......
Nat. 9¾% 84/89	£71⅝	+¼
Fin. 13% 97/02	£79	+¼
Alliance Gas	65	......
Arnott	370	......
Carroll (P.J.)	53	−1
Clondalkin	82	......
Concrete Prods	82	......
Heiton (Hldgs.)	35	−1
Ins. Corp.	210	......
Irish Ropes	73	......
Jacob	31	......
T.M.G.	150	......
Unidare	88	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	8
BOC Intl.	6
B.S.R.	5
Babcock	12
Barclays Bank	30
Beecham	13
Blue Circle	25
Boots	17
Bowaters	16
B.A.T.	25
Brown (J.)	7½
Burton 'A'	25
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	21
Dunlop	6
Eagle Star	14
E.M.I.	8
Gen. Accident	21
Gen. Electric	35
Glaxo	40
Grand Met.	13
G.U.S. 'A'	30
Guardian	23
G.K.N.	22
Hawker Sidd	16
House of Fraser	14
I.C.I.	20
"Imps"	8
I.C.L.	45
Inveresk	5
KCA	3½
Ladbroke	17
Legal & Gen.	14
Lex Service	11
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lonrho	6
Lucas Inds.	20
"Mams"	15
Mrks. & Spncr	10
Midland Bank	30
N.E.I.	5
Nat. West. Bank	28
P & O Dfd.	10
Plessey	10
Racal Elect.	22
R.H.M.	4½
Rank Org.	18
Reed Intnl.	17
Sears	5½
Spillers	4½
Tesco	7
Thorn	35
Trust Houses	14
Tube Invest.	27
Unilever	40
U.D.T.	4
Utd. Drapery	10
Vickers	18
Woolworths	6½

Property

Brit. Land	7
Cap. Counties	9
Land Secs	25
MEPC	17
Peachey	13
Samuel Props	14
Town & City	2

Oils

Brit. Petroleum	35
Burmah Oil	15
Charterhall	5
Premier	4
Shell	30
Ultramar	22

Mines

Charter Cons.	16
Cons. Gold	18
Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

LEISURE

MOTORS, AIRCRAFT TRADES
Motors and Cycles
Commercial Vehicles
Components
Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND
Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS
India and Bangladesh
Sri Lanka
Africa

MINES
CENTRAL RAND
EASTERN RAND
FAR WEST RAND
O.F.S.

FINANCE

DIAMOND AND PLATINUM

FINANCIAL TIMES

Wednesday November 7 1979

Government expects £650m cut in UK's EEC payment

BY RICHARD EVANS AND ELINOR GOODMAN

THE GOVERNMENT is reasonably confident it can obtain a reduction of about £650m in Britain's next contribution to the EEC budget at the Dublin summit later this month.

This would be more than expected and would halve Britain's net contribution next year. Even so, the indications are that Mrs. Margaret Thatcher would reject such a result as inadequate.

The increased optimism is based on the belief that Mrs. Thatcher and her colleagues have got across the message that the budget needs to be reformed radically, and that progress must be made towards a satisfactory formula.

What will remain unclear until the Dublin summit on November 29-30 is how the cuts in Britain's contribution will be made and how quickly they will come into effect.

The Prime Minister will continue to push for an early balance between Britain's contributions and receipts, partly on grounds of equity and partly for domestic political reasons.

Labour MPs are already preparing to attack Ministers for failing to obtain a satisfactory deal at Dublin. It will be politically important for the Government to retain the initiative.

More support

One possibility being discussed by Tory Members of the European Parliament in Strasbourg is that they might find some pretext for not approving the 1980 budget when it comes before the Parliament again next month.

Both the British Government and the European Commission insist that the position is still fluid and that there is no fixed ceiling on the amounts under discussion. But support for Britain's case is believed in Strasbourg to have increased in the past few weeks.

This is interpreted as being partly the result of Mrs. Thatcher's bilateral negotiations with other member-governments, and partly the result of the publication of the Commission's own paper outlining various means of cutting Britain's contributions.

Cuts of £650m could result from other member governments agreeing to one of the Commission's options involving a new financial mechanism.

The signs are that Mrs. Thatcher is still determined, however, to press for more than £650m, even though some Commission officials may consider this enough to avoid her losing face at home.

The British Government has given no hint of what it would do if it failed to achieve the "broad balance" in its contribution, for which it has been aiming.

European MPs this week are giving the Community's budget what in Westminster would be regarded as its second reading. It will then go back to the Council of Ministers in its amended form next month.

The likelihood is that the Council of Ministers will try to throw out some of the Parliament's amendments. The draft budget would then return to the Parliament for a final reading.

Confrontation looms Page 2

Action starts against France on lamb ban

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission yesterday formally opened legal proceedings against the French Government which could result in its facing the European Court of Justice again over its restrictions on imports of British lamb.

The Commission, acting under the normal infringement procedures, gave the French Government 10 days to justify what the court has already ruled are illegal restrictions, or drop them.

Since the court gave its first ruling on September 25, France has made token attempts to comply. It agreed to allow more than the previous limit of 200 tonnes a week to be imported, provided the meat was bought by the National Livestock Market Agency—ONIBEV. This is a national price support system, which ensures that the British product never reaches the French market.

In its letter yesterday, the Commission is believed to have challenged this system and to have accused the French authorities of running a *de facto* quota system.

If France complies with the court's ruling in the next 10 days, as Mr. Finn Olav Gundelach, Agriculture Commissioner, expects, the legal proceedings could be dropped.

If, however, France fails to act, the Commission could ask the court for an interim injunction against the import curbs. This would be politically more difficult, though not impossible, for the French Government to ignore.

Farming and raw materials Page 39

Ohira wins re-election as Premier

By Charles Smith, Far East Editor in Tokyo

MR. MASAYOSHI OHIRA was re-elected as Japan's Prime Minister yesterday in an unprecedented Diet vote in which two candidates from the ruling Liberal Democratic Party competed for the leadership. The loser, another former Prime Minister Takeo Fukuda, declared after the vote that his fight was "not yet over."

With Mr. Ohira confirmed in office attention now shifts to the formation of a new Cabinet. The Prime Minister will be attempting to persuade members of his party who opposed him to accept ministerial posts, but it is not yet clear how they will respond.

Mr. Ohira won 135 votes to Mr. Fukuda's 125 in the first round of voting in the Lower House, with the leader of the Japan Socialist Party coming in third with 107 votes. A second round of voting in which only the two LDP front runners took part, gave Mr. Ohira 138 votes and Mr. Fukuda 121.

Members of all but one of the opposition parties cast blank votes on the second ballot. The exception was the New Liberal Club, a conservative splinter group with four Diet seats, which threw in its lot with Mr. Ohira.

Continued from Page 1

Steel

element in the agreement between the Transport and General Workers' Union and the ISTC to end their demarcation dispute.

The last remaining hurdle on Hunterston is negotiation of wages and conditions, including manning levels, for dockers.

Talks begin today between the TGWU and the Clyde Port Authority. If they are successful the blacking which has prevented any carriers calling at the £100m terminal could be ended within a few days.

BSC said that though it is hoped to have an ore ship in the Clyde by the end of this week, to be unloaded at Hunterston by the end of next, it was impossible to say when the threat to suspend Ravenscraig from the end of the month could be lifted.

As a result of the dispute ore has been shipped to Ravenscraig in small loads through the obsolete General Terminus Quay in Glasgow. Erratic and sub-standard supplies have so disrupted production that quality and delivery dates suffered badly.

Iron-making at Ravenscraig was so badly hit that only 45 per cent of production was up to standard, with a consequential effect on steelmaking, casting and all other operations.

"We were forced to say we would suspend production at Ravenscraig because of the situation in the ore dockyard that had built up over months. In no sense was it intended as a get-tough measure to put pressure on the unions.

"There are genuine problems, and it is impossible to say how quickly we could react to the blacking at Hunterston being lifted."

Ravenscraig, recently modernised at a cost of £250m, has been losing £1m a week.

CBI approves strike fund

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Confederation of British Industry's proposed strike insurance fund is expected to be based on an annual income of £100m to £200m. Insurance brokers will finalise draft plans later this month.

This is the size of fund that CBI leaders believe will be necessary to cover the interests of large companies and to fend off any concerted trade union attack to make the fund bankrupt by staging long and damaging strikes.

Yesterday the plans were given provisional approval by the CBI's annual conference, which also took a tough line on labour law. It called for closed shops to be outlawed and for labour agreements to be made legally binding. These proposals will be considered by the CBI policy making council next month.

A trial marketing exercise is planned for the strike fund in December, so that CBI leaders and their brokers can assess the size of premium companies would be prepared to pay for various sorts of cover. It might then open for business next summer.

The premium will be based on an individual company's strike record and on other factors, with the compensation geared to the amount of production lost, subject to strict top and bottom limits. It is not yet clear whether lesser forms of industrial action will be covered, nor how protection against the impact of strikes in which companies are not directly involved will be arranged.

The main aim will be to achieve as wide a spread of risk as possible, embracing companies of differing types and sizes. Very few companies have so far given definite undertakings to enter such a scheme and nationalised industries, most of which now belong to the CBI, may decide to opt out.

The insurance scheme and yesterday's demands for labour law changes reveal that the CBI is developing a harder line over industrial relations. Opposition to closed shops has increased following the recent engineering strikes, and the debates showed that employers want a gradual but continuous reform of various laws over the next few years.

Sir John Methven, CBI director general, said that the pressure for legally binding agreements was "far greater than we would have expected," although the split in the conference over the closed shop had been expected.

The CBI steering group, headed by Sir Alex Jarratt of Reed International, will study the legally binding contract as part of a general review of trade union immunities during the next few months.

The group, which produced the strike fund plan, is unlikely to propose any early change in the law, because legally binding agreements were not operated under the Industrial Relations Act, 1971, and are not generally regarded as a key issue.

But the CBI is more likely to step up its demands on closed shop laws when its council reviews the conference decisions next month. At present, it agrees with the Government's proposals for having closed shops approved by secret ballot.

Now the council will have to consider whether to call for early action outlawing them totally. One possibility is that the issue might also be referred to the Jarratt steering group for a report next year.

Conference report, Pages 10 and 11

Industry urged to use more robots

BY DAVID FISHLOCK, SCIENCE EDITOR

MORE automation and greater use of robots in manufacturing industry—up to a level common among Britain's industrial rivals—was called for in a report to the Government yesterday.

A Cabinet office report says Britain has ignored the immense potential of robots to improve the quality and productivity in manufacturing industries.

It urges the Government and industry to collaborate in bringing together the resources in Britain, which would see the large scale introduction of robots and automation in the 1980s.

The report has been prepared by the Government's Advisory Council on Applied Research and Development (ACARD), through a working party under the chairmanship of Sir Henry Chilver, vice-chancellor of Cranfield Institute of Technology.

Sir Henry said yesterday that countries—such as Japan, America and West Germany—which were making the greatest use of the new manufacturing technologies—found that an increased demand for skilled people more than offset the initial unemployment.

The cost of the advisory council's proposals would be "really quite modest"—Sir Henry put them at "some tens of millions of pounds a year." It was not a sector in which, he believed, there was any need for large new investment in research and development.

But there would be a need for a major shift in industrial resources to the new technology, he said.

The report's principal recommendations are that:

- The rate of introduction of automated manufacturing techniques into UK industry must be accelerated.
- National centres for demonstrating the new technologies must be established.
- Government and industry should work out the best way of establishing a British robotics industry.
- Facilities to promote the use of the more capital-intensive new welding techniques are needed.
- Adhesive bonding should be used more widely by industry.
- Education programmes must reflect the most advanced ideas in joining and assembly operations.
- Universities and polytechnics should have more specific roles in introducing the new technologies, like those used in West Germany.

Sir Henry said the funds required to implement these seven recommendations could be found by redirecting priorities in Britain's present research and development budget.

Joining and assembly: the impact of robots and automation. HMSO, £1.75.

Robots are coming Page 22

Bank hint of tax reform

BY MICHAEL LAFFERTY

THE prospect of a partial and early reform of the present corporation tax system was raised last night by Mr. Gordon Richardson, Governor of the Bank of England.

He said that the most obvious candidate for early reform was the system for giving relief in respect of changes in stock values. If an early change could be made here Mr. Richardson said it would be desirable that it be accompanied by the adoption of monetary adjustments, as advocated in the accountancy profession's inflation accounting proposals.

"This would also open up the possibility of providing tax relief on working capital employed by financial companies and, in particular, banks," he said.

Speaking to members of the Institute for Fiscal Studies, the governor spoke of his belief "that it is of great importance for business to adopt accounting procedures that remove the distortions which arise in accounts when conventional accounting practices are followed in inflationary conditions for which they were not designed. The system of taxation should take due account of such distortions," he added.

During the last decade the real profitability of companies had fallen in most industrial countries. In Britain the fall had been particularly sharp. Mr. Richardson said it seemed likely that "the mentality of historic cost accounting" had played a significant role in this.

The inflation accounting proposals contained in exposure draft ED 24 came close to general acceptance. "It is our general view that the proposals in the present draft should be adopted for the presentation of company accounts with only minor modifications and the Bank has made this clear."

Mr. Richardson added that the adoption for tax purposes of principles similar to those advocated for accounting "might greatly concentrate attention on how best to apply those principles and hasten the day when they are universal for accounting purposes."

An Inland Revenue study was beginning to suggest that a cost of sales adjustment along the lines of ED24 could be more generous than the present system of stock relief.

Continued from Page 1

Gilts

added tax at the higher rate failed to come in on the expected scale, partly for administrative reasons.

Consequently sales of gilt-edged stock were much lower than necessary to cover this borrowing.

In so far as this is a matter of timing, and there are signs of higher VAT payments to the Government in the last fortnight, it is not particularly worrying.

A more disturbing factor is the sharp rise in bank lending. The London clearers report an increase in sterling lending to the UK private sector of £696m in the month to mid-October.

After adjusting for seasonal factors this was a rise of about £600m which could mean a rise in lending in the whole banking system of approaching £1bn.

The London clearers note that this followed a month when the rise in advances was apparently very small.

They mention special influences such as the initial pressure on companies' cashflow of refunds on employees' income tax, and increased lending to the engineering industry after the strike.

Allowing for these influences, the rise in clearers' advances could have been about £300m, which indicates a fairly strong demand for credit.

The authorities believe that this may represent merely an unfortunate coincidence of unfavourable factors rather than the start of a renewed surge of bank lending.

Consequently they see no reason at present to revise their view that public borrowing should turn down in the second half of the financial year, and that bank lending should moderate in due course.

The latest figures are of immediate importance for the Government in fixing its new monetary target, since mid-October will form the base for the permitted rate of increase in the year to October 1980. A higher base could make it easier for the authorities to lower the target next year.

The banks still face pressures under the "corset" controls on the growth of their interest-bearing liabilities. The system as a whole is just under the permitted limits, though a number of banks are in the penalty zone.

Weather

UK TODAY

SUNSHINE with showers generally. Cloudy with rain in South and South Wales.

London, E. Anglia, Midlands
Bright intervals. Scattered showers. Max. 9C-11C (48F-52F).

Southern England, Channel Is., S. Wales
Outbreaks of rain. Bright intervals later. Max. 11C-12C (52F-54F).

N. Wales, N.W. England, Lakes, Isle of Man, S.W. Scotland, Argyll, N. Ireland
Showers. Clear intervals. Max. 7C-9C (45F-48F).

E. England, N. and N.E. England, Borders, Edinburgh and Dundee, Glasgow, Highlands
Scattered showers. Rather cold. Max. 6C-8C (43F-46F).

Rest of Scotland
Wintry showers. Cold. Max. 4C-6C (39F-43F).

Outlook: Generally cold. Sunny intervals and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	13	55	L. Plms.	S	22	72
Algiers	F	20	68	Lisbon	S	21	70
Amsdm.	R	10	50	Locarno	R	6	43
Athens	R	16	61	London	C	13	55
Bahrain	S	31	88	Luxmbg	C	10	50
Barclna.	S	19	66	Madrid	S	17	63
Beirut	C	21	70	Majorca	S	20	68
Belfast	R	8	45	Malaga	S	20	68
Belgrd.	C	5	41	Malta	F	19	66
Berlin	R	6	43	Mchstr.	C	9	48
Biarritz	C	14	57	Melbne	C	14	57
Bmghm	R	9	48	Mex. C.	C	13	55
Blackp'l	C	10	50	Milan	F	13	55
Bordx.	R	16	61	M'ntreal	C	5	41
Boulgn.	R	13	55	Moscow	Sn	−2	28
Bristol	R	11	52	Munich	R	6	43
Brussels	C	11	52	Nairobi	C	19	66
Budpst.	Fg	3	37	Naples	S	16	61
B. Aires	S	31	88	Nwcstl	S	8	46
Cairo	S	26	79	N. York	C	12	54
Cardiff	R	12	54	Nice	F	15	59
Cas'b'ca	F	20	68	Nicosia	R	22	72
Cape T.	S	25	77	Oslo	C	2	36
Chicago	C	5	41	Paris	C	14	57
Cologne	C	9	48	Perth	C	20	68
Cphgn.	F	6	43	Prague	R	5	41
Corfu	R	15	59	Reykjvk.	F	0	32
Dublin	R	9	48	Rhodes	T	20	68
Dbrvnk.	F	14	57	Rio J'o	S	27	81
Ednbgh.	S	7	45	Rome	S	17	63
Faro	S	19	66	Salzb'g	R	4	39
Florence	F	11	52	Singapr.	S	29	85
Frankf't	R	9	48	Stckhm.	C	6	43
Funchal	S	21	70	Strasb'g	C	13	55
Geneva	R	9	48	Sydney	C	17	63
Gibrltr.	S	19	66	Tangier	S	20	68
Glasgow	S	7	45	Tenerife	S	23	73
G'rnsey	C	13	55	Tokyo	C	22	72
Helsinki	R	4	39	Toronto	R	6	43
H. Kong	S	25	77	Tunis	F	18	64
Innsbrk.	Sl	1	34	Valencia	S	23	73
Invrnss.	R	5	41	Venice	S	5	41
I.o.Man	C	9	48	Vienna	F	10	50
Istanbul	R	15	59	Warsaw	F	8	46
Jersey	C	13	55	Zurich	R	8	46
Jo'burg	S	24	75				

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Another surge of money growth

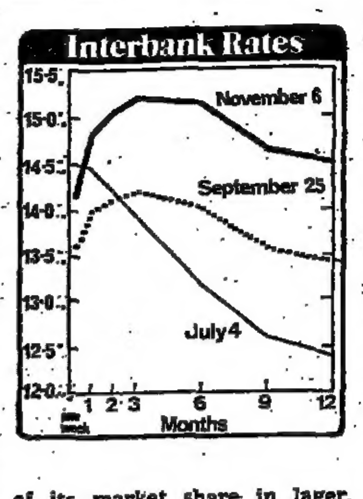
It is virtually impossible to find a kind word to say about the October banking figures. A 2.4 per cent rise in eligible liabilities came as a complete shock to the financial markets. Having been over 7 points ahead at lunchtime the FT Industrial Ordinary share index shot into reverse, gilt-edged prices plummetted and short-term money market rates moved decisively above 15 per cent.

On the basis of these figures it seems as if sterling M3 grew by 2 per cent plus in October. If this is correct, it means that the surprisingly good September money supply figures were a fluke. Instead of being within the authorities' 7-11 per cent target range, money supply is growing at an annual rate of close to 14 per cent. Add acceptances held outside the banking system, and the effective money supply could well have been growing by around 17 per cent per annum since the spring.

Admittedly, the October figures are hard to interpret because of all the sizeable flows associated with the Government's swing away from direct to indirect taxation. Not all the Value Added Tax payments arrived on time which upset the official borrowing requirement. Then there was the problem of the income tax rebates and the engineering strike, which will have upset the seasonal adjustments. Even so the underlying trend in bank lending seems to have remained remarkably buoyant.

The October figures seem to have been as much a surprise to the Government as to everybody else. How else can the timing of the abolition of exchange controls, and indeed of the BP issue, be explained? Now the Government faces a familiar need to curb bank lending and get the funding programme rolling again. The authorities will need to be very confident of their facts if they are to dismiss the October figures as just an aberration. Quantitative money controls like the Corset have been rendered obsolete. There remains, as always, the interest rate weapon.

Index fell 2.5 to 418.5



Whitbread

As usual, there is an element of might-have-beens about the Whitbread figures, though the half-time pre-tax improvement is solid enough at 14 per cent, taking the total to £36.3m. Delays imposed by the Price Commission in the implementation of the spring price rises cost £5m and industrial trouble at the Luton brewery, which caused Whitbread to lose a little of its market share in lager, trimmed £1.5m off profits. Still, overall the group beat the rise of around 2.5 per cent in national beer volume, thanks to the good performance of its bitters and continuing rapid growth in the take-home trade, while the wines and spirits side—including Long John—and soft drinks operations have been buoyant.

With favourable weather the second half has started well, and Christmas prospects look promising—though Whitbread has decided not to raise its prices again until the New Year, which casts something of a shadow over second half margins. At this stage it looks as though the group could produce something like £62m pre-tax for the full year, against £54m, and price flexibility should leave this and other brewers reasonably placed next year compared with many other sectors. The prospective p/e at 116p could be around 6 (or maybe 10 fully taxed) and the yield is 6.4 per cent on the historic payments.

Thorn/EMI

Thorn has paid a very high price to secure EMI's agreement to its increased bid. Before the first offer, EMI was capitalised at £106m, and since then the equity market has fallen by a tenth. The latest bid is worth the best part of £170m and the equity part of the package is underwritten, a key point in current market conditions.

These terms also represent a premium on net worth, and an enormous multiple of any likely level of profits in the immediate future. In addition, Thorn is changing its name, and taking three EMI directors on to its board—including Sir John Read, the displaced chief executive of EMI, who pops up as deputy chairman of the enlarged company.

The apparent explanation for this generosity is that EMI has had discussions with two other bona fide offerors, one British and one foreign, and other potential predators were rumoured to be in the wings. Certainly the extraordinary way in which yesterday's bid package was put together suggests that Thorn was anxious to secure agreement just as quickly as possible.

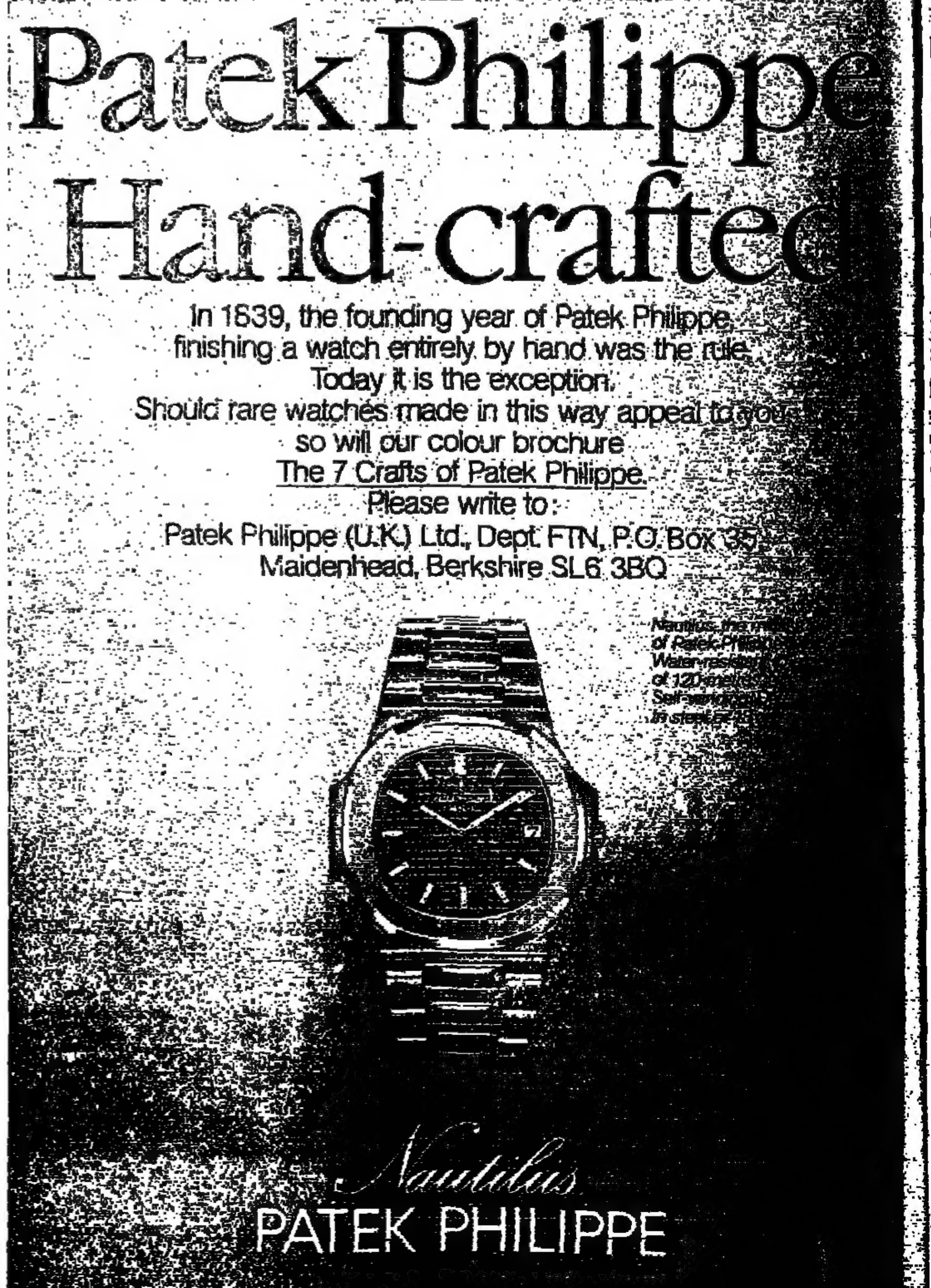
Instead of letting EMI shareholders stew a little in the falling market, the underwriting operation was started—most unusually—half way through the day before the revised terms had been publicly announced. Just over £100m of Thorn shares had to be underwritten, and following Monday's sharp price declines, Thorn's advisers were anxious to test the waters before they fired the starting gun. The result was extremely unsatisfactory, with some 350 underwriters being told "confidentially" about the terms before the formal announcement.

At the end of it all, Thorn's shares were 18p down at 356p, leaving the market capitalisation at £478m—over £100m below the pre-bid level. Its shares could still be vulnerable. This is a measure of the market's faith in Thorn's bid motives.

Acrow

The Acrow interim statement confirms all the worst fears about the impact of the engineering dispute and is likely to prove the first of a batch of dismal half-year results to end-September in the sector. The slump in pre-tax profits from £6.0m to £1.3m was significantly worse than market expectations and the "A" shares were accordingly marked down 3p to 37p.

The company attributes about three-quarters of the profit decline to strikes and is not confident of catching up much of the shortfall in the current half. This implies a big drop in full-year profits. But there seems to be some improvement in Acrow's problems at Coles Cranes; the factory is back on full-time working. In fact orders throughout the group are generally looking healthy after the engineering dispute. However, with world recession looming there can be little confidence that the better order position is anything other than temporary. Acrow's yield of 12½ per cent is nothing out of the ordinary in the engineering sector.



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